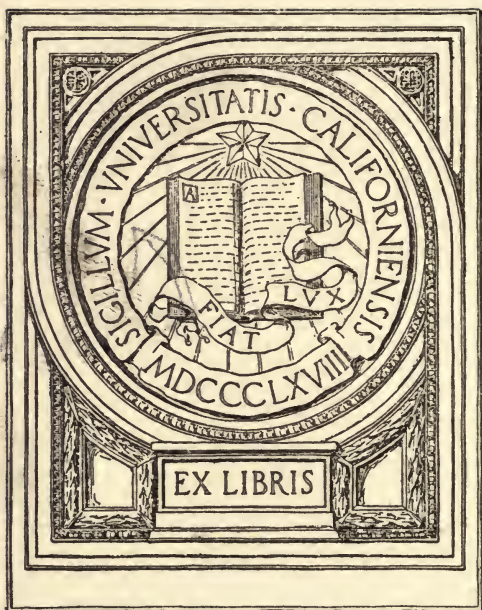


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GETTING YOUR MONEY'S WORTH

A BOOK ON EXPENDITURE

BY

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UNIVERSITY OF
CALIFORNIA



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TO MY MOTHER

who has always been my best teacher
as well as my best friend

PREFACE

The purpose of this book is intensely practical. From long experience in the School of Household Science and Arts of Pratt Institute, where thousands of women have come for help in all phases of their homemaking problems, and from experience with many other women, young and old, earning a money income or sharing in a marriage partnership, I have learned that one great obstacle in planning expenditure—in budget making—is lack of knowledge of the mere mechanics of it. To those inexperienced in financial record it looks like a complicated and a formidable undertaking, whereas it is neither if approached and carried out in the right way.

The book deals primarily with making a budget and keeping accounts, and discusses other matters only as they relate closely to these. "Getting your money's worth" means knowledge of how to choose and how to buy, as well as how to apportion the income, but here, for the sake of brevity, only the latter aspect of it is discussed. The subject of cash payment versus credit, for example, is not touched on, although those who grasp the principle of budget making will have little

difficulty in deciding in a given case which method is best.

Miss Gertrude B. Lane, editor of the *Woman's Home Companion*, has courteously allowed me free use of the material in two articles written by me for that magazine and published in July and August, 1919. Miss Helen Hollister and Miss Elizabeth Condit, of the faculty of the School of Household Science and Arts of Pratt Institute, and Miss Sarah MacLeod and Miss Jessie Ann Long, formerly of that faculty, have contributed much to the development of the plan described, and my thanks are hereby tendered to them.

ISABEL ELY LORD.

October, 1921.

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GETTING YOUR MONEY'S WORTH

I

WHAT A BUDGET IS

A budget is the detailed plan of the use of resources, and the word generally used to mean money resources only. No intelligent person thinks of beginning a piece of work, whether it is the building of a house, the planting of a garden, the making of a dress or a dessert, without a plan. One must know what is needed and whether one has at hand the resources necessary—the ingredients, so to speak. Where money is to be spent, a budget is part of the plan. The builder has a budget for the project of the house, the dressmaker one for the project of the dress. In such cases they call it an “estimate,” and that is no bad name for the budget as applied to the expenditure of the family or the individual.

The spending of an income is of course not a definite project like the building of a house or the making of a gown. But although the result cannot be pictured in the same concrete way, yet there is a result to be attained.

2 GETTING YOUR MONEY'S WORTH

What is it? The answer to this question is of great importance. Money—the income—is only a symbol to represent whatever the owner may wish to turn it into. The business man, the manufacturer, uses it to make more money, as far as his business is concerned. The family or the individual, on the other hand, uses it to make the greatest possible amount of health and happiness. The business man or the manufacturer can tell at the end of the year how much he has “made” in dollars and cents; the family and the individual cannot express either in dollars and cents or in figures of any kind what they have “made” by their expenditure on daily living. Only money saved can be stated in those terms, and that, important as it is, as representing future health and happiness, is after all a minor part of the year’s results.

But why, asks the average individual, is it necessary to have the same kind of a detailed plan as the builder or the business man, when the result is one that cannot be expressed in terms of money? The answer is that it is equally important in such a case because the things any family or individual would like to get out of their money resources are always so many more than their resources allow that only the deliberate decision in advance will ensure their getting what they want most. No one has either time enough, energy enough, or money enough to do and to get and to give all he or she would

like. That we want more than we have is the very foundation of progress, whether what we want is material or spiritual. Often the man or the family generally called rich feels even more hampered financially than the man or family called poor. From personal experience or observation we all know that as the income gets larger, there arise within us more and more desires and demands and what we call needs. We "get our money's worth" only when we consider well how out of what we have we can get the largest amount of what we want most.

Those who have never made a budget and lived by it—and even, unfortunately, many of those who have—are apt to look on the budget as limiting the person who makes it. "I will not be tied by a budget and accounts. I am not extravagant. I don't get into debt, and I don't spend more than my income. I shouldn't enjoy spending anything if a budget limited me at every turn." That is the attitude of hundreds. But the truth of the matter is just the opposite of what they think. It is not the budget that sets the limits, but the income. The person who has all the money he or she wants to do everything—that person is subnormal or abnormal. What the budget does is to free from limitations as far as that can be done within the limits of the income. The budget is not a thing for which the individual or the family lives and to which they

may be sacrificed. It is made for them; they are not made for it. It is their deliberate decision in advance as to what are the most important—to them—of the many things they want. Having made such deliberate decision they can use their money freely and with satisfaction.

Take an example, for the sake of simplification that of an individual living on salary or wages. To make the matter concrete, let us choose a stenographer getting \$30 a week. At the beginning of the year the stenographer decides just how much of the \$1,560 annual income may rightly go for clothes. The amount will depend partly on the individual's other expenses, partly on taste. Suppose it to be \$300. That amount the individual deliberately determines is justified in his or her case. Then begins the question of expenditure. If the stenographer is a man, and he longs for a suit made by a good tailor, but hesitates because that may be an extravagance in his situation, then he need no longer even think of extravagance. It is only a matter of calculation and decision. If he can get the suit and have enough left to meet his other clothing necessities, then it becomes a question of choice. If he is willing to go without some of the other things he usually buys, he is quite free to spend his money as he will, within the \$300. If the stenographer is a girl or woman, and she longs for a set of furs, she is free to get it in

the same way. Of course both must consider first the demands of health and the need of suitable working dress, but beyond that each has a right to exercise choice. They may show poor judgment, from the point of view of onlookers, but they cannot rightly be called "extravagant" either by themselves or others. If, on the other hand, the stenographer has made no plan for expenditure, the temptation to custom-made clothes or a set of furs may, if yielded to, lead to over-expenditure in the clothing for the year, to a constant uneasiness as to the question of "extravagance" and perhaps, worst of all, to a recklessness that says: "I don't care. I've got to live, and have some fun, and I'll live as I go."

Extravagance is "a wandering beyond proper bounds," to take the primary definition of the Century Dictionary. In money matters the bounds that come naturally first to mind are those of the income. He who spends more than his money income is extravagant. That sounds axiomatic, yet is it always true? Are there no occasions where borrowing is justified? Or the use of accumulated savings? Such questions lead us back to the obligations implied in the word "proper." If the right use of the income is to procure the greatest possible amount of health and happiness, then these considerations are the "proper bounds" beyond which we cannot wander without extravagance.

Obviously, under ordinary circumstances, the family

or the individual should live within the income, but if health makes a call on savings or even requires borrowing, then health, not savings, and not keeping free of debt, must come first. The good business man often borrows in order to enlarge his business operations, and his judgment is justified by increased gain. So an individual may borrow to regain his health or for educational opportunities, and be justified in the result. In both cases this is really investment, not expenditure, and in accurate accounting a trip South for health would be considered an investment, though it must in one's personal accounts figure as expense. Such expenditure is not common, but it is important to note it because it illustrates the principle underlying budget making and budget adjusting.

Economy needs a word, by the way. Unfortunately to most people the word has a rather unpleasant sound, because to them it means going without things one wants. It is certain that if we cannot get with our resources all that we would like to get, we must go without some of it, but it is most regrettable to have this negative aspect of economy so prominent. "Economy" does not mean "saving," but "right use." The right use of part of our money leads to saving that part, but what we spend on recreation, food, clothing, or anything else is just as *economically* used as that saved, if we have been wise in our distribution of our money resources.

It is evident that budget making must be a personal matter, differing for individuals or families who seem at first glance alike as to resources and needs. Each of course is bound to provide conditions that make for health—a place to live in that is comfortable and sanitary, food that is wholesome and appetizing, clothing that is adequate, and some provision for the recreation needed by every human being. Each must for safety accumulate a reserve fund for emergencies—illness, death, failure of income, loss of any sort. But when even these fundamentals are interpreted by different individuals, differences manifest themselves at once. It may be possible to come to a common agreement on what is “sanitary” in a living place, but “comfortable” means very different things to different people. Personal tastes, likes and dislikes, begin at once to play their part. The desire for beauty in one’s surroundings is general, but what seems beautiful to one is to another distressingly commonplace or ugly. The budget as an aid to the development of individual or family must be planned by the people who are to live under it on the basis of their own tastes and desires.

The budget can never be imposed on the family or individual. Many with good judgment gathered from experience can offer worth-while advice to those who are beginning to plan, but no one else can make the detailed decisions. We are all only too apt to try to

do so. Few of us are guiltless of having accused some one else of "extravagance" when what we meant was that for us personally that particular expenditure would have been foolish or wasteful. We all have the right to certain opinions on others' expenditure—such as that they have poor judgment, if the expenditure seems to us inefficient in gaining the ends they seek, or that their standards are low if those ends are what seem to us frivolous ones, such as showy dressing or indiscriminate entertaining. But we have no right to condemn as "extravagant" any one who meets all his obligations.

It is a commonplace that in America we suffer from too much uniformity in the practices of everyday life. We are held too rigidly by little conventions, and what we gain by doing as our neighbors do is sometimes small compensation for what we lose in individual expression. The deliberate planning of the budget should help us in many minor ways—not always the spending of money—to do what we really want to do instead of what is expected of us. The family that has faced the choice of having a houseworker regularly employed or of giving good music lessons to a talented child, and has made a deliberate decision for the musical education, ceases to be apologetic about not having a maid to open the door.

The greatest importance of the budget is, indeed, that

it makes one consider *values*. For the sake of simplicity, and because the family budget is always of greater importance socially than can be that of an individual, this book will speak in the terms of the family, giving special consideration to the budget of the individual in Chapter XII. The family, then, by adopting a budget must acknowledge frankly its desires and hopes and — then arrange these in the order of their importance. In other words, the family must put itself on record as to its ideals. Any person who does this at stated intervals makes a better choice than when he or she leaves ideals in the vague realm of some-day-or-other. Indeed, the greatest value of the budget to individual or family is that it forces them to make clear their own ideals and to decide how far those ideals are to be regarded in daily living. Given the resources available and providing out of them the necessities, what is the order of importance of the other things the family income can obtain?

There is a fairy story or folk tale common to many lands in which three wishes are unexpectedly granted to some individual. A man is told that he may have anything he likes in the world, but he may wish only three times. Invariably he has to use the third wish to undo the evil brought on him by the first two. One version tells of a peasant who thought first of something to eat, so wished for a big black pudding, the height of

his gastronomic desires. The pudding appeared, but in a few moments, his wife in a fit of temper cried: "I wish the pudding would stick to your nose!" Which the large black pudding promptly did. Then no other wish was possible than the separation of that pudding and that nose, since gold and lands and honor could hardly compensate for such a burden. So the pudding came off, the three wishes were used, and the partially damaged pudding was the only result. It is not only folk humor that told that tale, but also folk wisdom. And the moral is as good to-day as it was when the cave man began to develop desires.

So the question for the family is what kind of happiness they want—out of what they choose to get it. The wishes allowed by the budget are not unlimited in extent, but they are more than three in number, and, best of all, they may be changed as often as the vision broadens and as the family learns better the art of wishing.

II

WHO MAKES THE FAMILY BUDGET?

The family is a coöperative group at the foundation of our social structure. There must be kinship in this group. When the kinship is of mind and spirit only, as with a group of friends, the family may be a real one, and have distinct social value, but the word "family" in ordinary usage implies a relationship in blood, and implies also some head or heads of the group. The normal family has father, mother and child or children. If the father dies, if there are no children or if the latter grow up and leave the family home to establish homes of their own, those left do not cease to be a family, but are none the less, in any ordinary usage, an incomplete family. The vast majority of families include parents and children, and in this vast majority many contain other relations, such as grandparents, uncles, aunts or cousins.

This coöperative group has many interests in common, however many additional interests there may be. Aside from the common needs of food, clothing, shelter, recreation, there is need in the family life for a kind of coöperation that will make for harmony in the home

and for the greatest freedom of individual development that is compatible with such harmony. The common interests must be cared for first, then individual needs considered. Within the group, each contributes according to his ability, and receives his proportionate share according to his needs.

It is not uncommon to hear the household—that is, the family—spoken of as a “business,” and the mother of the family, who directs the detailed expenditure for common needs, spoken of as the “business manager.” Some even go so far as to say that she should have a salary for her work, like any other business manager. Any such conception of course ignores the real nature of family life. There is a business side to it, granted, but it is not a business in the same sense that a money-making organization is a business. Its purpose is different, and its attitude toward money must be different also. And the wife and mother is not a paid worker, engaged for life, but something far finer and bigger than that. If Mother is paid a salary, then Father is her employer, and he pays her for looking out for himself and the children. It is true that such a relationship is an improvement on the old one of Mother as financially dependent on Father, who may occasionally graciously grant her a little money to spend for herself, or may not. But it is far from the ideal of the coöperative group.

Marriage is a partnership, in the interests of the whole family group. The husband and wife are the partners, and full partners, the children apprentices, learning how to live in such a partnership themselves, and as they grow older within the home they may even become junior partners. In the usual family the father gives his working hours to earning a money income, the mother hers to directing all the activities of the household, including the spending of that part of the income used for the family living. The income, whether in money or in labor, belongs equally to both husband and wife, in trust for the family. The wife has just as much "right" to the money income as has the husband—and no more right.

There are still belated households where the wife has no clear idea of the family income and can spend only what she can get out of her husband in irregular payments of irregular amounts. In many of those households charge accounts at shops of different types give the wife a chance to get things for herself that she could never get by paying cash, since she never has it in any quantity. This system is not only deeply humiliating to the woman and demoralizing to the children, but wasteful. There are many other households where the wife receives a regular allowance for maintaining the house, but unfortunately in too many cases she must get from this allowance all that she needs

for herself also. The conscientious housewife in such a situation invariably fails to get her due share, and at the same time frequently suffers qualms of doubt whenever she spends anything whatever on herself.

The next step is a series of allowances—one for the household, one for the wife, one for the children, and perhaps one for the automobile. This is fairly common now, and is a just arrangement as far as the working of it goes. If husband and wife decide together what these allowances are to be, the wife is neither humiliated nor handicapped. Yet this may be in full swing where the husband still considers that he is the sole source of "support," and that he is (with glad generosity, in most cases) giving *his* money for the family use.

In practice the working out may be almost the same when the partnership idea is accepted—almost, not quite. If marriage is a full partnership, then husband and wife are contributing alike to the family resources. They decide together on the best use of the money, assign the direction of expenditure of each division as seems best, but always keep a general knowledge of all the headings. Usually the wife takes charge of the amount for household expenses—except that for some occult reason many men seem to like to pay the coal bills—and for clothing for herself and the children; the husband of the sum for his own expenses and of

the investment of the money to be saved. It is frequent to turn over to the wife all the responsibility for Gifts (personal or for the public good), Recreation, Entertainment, Education, but all these should mean coöperation in spending as well as in budgeting. It is easy for a man to say: "I can't bother with those things. I have my business to attend to, and I turn everything else over to my wife." That is shirking part of the partnership work, and certainly the man who refuses his share of responsibility in the matter has no right to criticize his wife when he does not like the way she does the work single-handed.

There is a question regarding the surplus that can be invested. In a full partnership, after all the needs of the business are provided, the surplus profit is divided equally between the partners, each to do as he chooses with his share. This method is followed in many a modern family, especially where the wife has earned her own income before marriage and has learned independently how to handle money. A special savings fund may be set aside first to provide for the education of the children, or to cumulate for some family purpose like the purchase of a home, but then the rest is divided, and the wife is as free to use hers in her own way as the husband is to use his. Such an arrangement is only possible where both partners realize to the

full the meaning of their partnership, but the oftener it is tried successfully, the faster will be the growth of a full conception of partnership in marriage.

It is true that most women have not experience in investing money, and that they do not get experience of that kind in their daily work as homemakers. But an intelligent woman can learn to invest money as well as an intelligent man. Thousands of wives save their husbands from foolish schemes by "influence;" why not recognize that they are equal to their own responsibilities? And if a woman loses money in Wall Street or in the oil fields, why is she more to be condemned than a man who does the same? Only because those who condemn her hold, consciously or unconsciously, that a man's money belongs to him and the woman's does not really belong to her. Even if the responsibility is not given her, she must for her own protection and that of the children, know what the family investments are, even to the share of her husband in his business and his obligations to it. Any lawyer who has had much to do with settling estates can tell many tales of how the ignorance of her husband's affairs has left his widow handicapped or even deprived of considerable sums that are due to his estate. The advantage of division of investments is pointed out in Chapter XVI.

The question at the head of the chapter seems to be answered. The husband and wife sit down together to

consider resources and to make such a budget for their family as will make those resources count most. They assign responsibilities for expenditure of each heading as seems wisest to them, and they discuss together later any readjustments that have to be made.

But how about the children—the apprentices? Are they to have no hand in the discussion? The deciding votes must lie with those who have the responsibility, with Father and Mother. But in a coöperative group have the minor members no share? Surely as soon as the children have reached an age when they can understand the general meaning and purpose of the budget, they should be included in the budget conference. This does not mean, of course, that they need know in dollars and cents the whole family income; children old enough to understand and discuss the principles of division may not be old enough to be discreet in what they repeat of the family affairs. But they can help decide whether they will cut down the food expenditure a little—say, have chicken and ice cream once a month instead of once a week—so that Janet can have violin lessons. Or they can help decide that if John and Helen will be content with last winter's coats, Mother will do the same and all they save can go toward a Victrola.

The high school girl who must have silk stockings because "all the girls do," her brother who must have silk shirts because "all the boys do," get a new idea of

value when they discover that if the silk stockings and silk shirts are bought, something else cannot be bought. The girl and the boy do not want to deprive Mother of her new gown, and do not realize that they do so when they ask for luxuries that the family income cannot meet without such sacrifice. They have no idea as to limits of expenditure or choice; they want "everything," quite naturally and simply, and they must learn those limits as definitely, and sometimes as painfully, as they must learn reading, writing and arithmetic. The question of training the children is dealt with in Chapter XIII, but the question of Who Makes the Family Budget? cannot be answered without including them.

It is repetition to say here that no one outside the family can make the budget for any self-supporting group. Those more experienced may give wise advice, but the responsibility for decision lies with the partnership. It is repetition also to say that public opinion should not be allowed to make any of the decisions. It should be considered and usually it should not be defied, since the social cost of defiance is too great, but it may and must many times be disregarded in matters relating to social prestige, if the family is to get what it wants most. Both these warnings are repeated here because both dangers are large stones on the Hill of Difficulty.

III

WHEN AND HOW TO MAKE IT

To those who have never made a budget and have never kept accounts the problem often seems at first thought so difficult a one that many decide that they have no basis for budget making and must therefore keep accounts for a time, before attempting a plan. This is a mistake. To be sure, accounts are kept not only to check up adherence to the plan, but also to make possible a better plan later. But the plan is the main thing, and there one should begin. It is worth noting that often nowadays the term "household budget" is used to mean accounts as well as plan. This is inaccurate, and as is usual with inaccuracy, is a cause of confusion.

It is highly advisable to make first a list of the family assets and liabilities. This is not imperative, and if the making of it is to delay the budget, it may be postponed for a little. However, the sum of money on hand (in cash or in banks) and any sum due the family should be noted, so that when the Assets list is made up it may be "as of" January 1st, or whatever date is chosen for beginning the budget period.

The Assets list needs first a sheet of paper, on which it can be made roughly: when complete it calls for a card of its own, to be filed with the other cards as described later. As the years go by, the Assets cards should become increasingly pleasant reading. Begin with all money available at the moment, whether in the form of cash in the purse or bank deposit. Then comes cash due, if money loans have been made. For a strict accounting one would reckon up milk tickets, car tickets, commutation tickets, postage on hand, but this is not necessary for the family purpose, since the amount these would show from year to year would not vary much. If the family has just bought a mileage book, and the Transportation-other-than-Carfare account is overspent, part or all of the cost of the book may be reckoned in Assets and charged up to the new account. But such a necessity does not often arise, and care should be taken that the charging is not done to make the accounts seem other than they are.

Then, in any order liked, the list of investments. When there are stocks or bonds, they may be listed either at the cost value or the market value. The business firm would of course choose the latter, but there is an advantage to the family in preferring the former, since it is not only simpler, but quite as apt to represent the real value. For example, the family has \$450 in Liberty Bonds, bearing interest at $4\frac{1}{4}$ per cent. These

bonds were bought at par—\$100 or \$50—from the United States Government. They are guaranteed by that Government and on maturity they will be paid in full. Yet if sold to-day in the market, these bonds would bring perhaps only \$400. If they were bought as a speculation, then the value is only \$400, but as an investment they are worth \$450. And the family that has invested liberally in these bonds and can hold them until they are paid might be discouraged by a shrinkage in their Assets list that is theoretical rather than real. Other bonds change in value, going up and down, and yet may still be steadily good investments. The family has actually saved the amount invested, not the amount the securities would bring if sold, and it is better psychology to represent the savings in real figures. If they can say: "You know we really have more, because those stocks are worth more than we paid for them," that is rather a pleasant state of things. It may not be true the next time the Assets list is made. If, on the other hand, they must say: "Those stocks have gone down; they really are not worth now what we paid for them," there is nevertheless the cheering thought that before the time comes for their redemption or sale they may have risen in value again. When there is great depreciation that is apparently permanent, the change from cost to market value must be made, or the Assets list is deceptive—and the family

may have to be more careful as to the securities selected.

Life insurance savings are represented by the amount paid in premiums. Strictly their cost includes interest on the money paid in each year, but as there is no such actual payment made, it is better not to show this in the figures.

The value of real estate may be set down as what was paid for it, or where it has definitely risen in value, as the actual market value. This is a place where the family may legitimately reckon in dollars and cents the value of their judgment and foresight.

The total value of the Inventory may be added—indeed, should be, not only so that the family may realize how much money it has invested without bringing in interest, but also so that the value of one year may show the change from the last year. If the family has chosen to cut down the cost of the Inventory, as it may easily do by not adding enough to the household equipment to make up for the depreciation loss, this should be evident in the Assets. These may not increase as much as the family had hoped, but if the value of investments bearing interest has increased and that of the non-interest bearing items of the Inventory has decreased, then the family is in a better situation financially. But here, as always, all figures must show real values, so far as figures can be made to do so.

Liabilities can easily be expressed in figures. Money

Assets Jan. 1, 1921

			Liabilities	
Cash on hand	43.62			
Nat'l Bank	217.20		Mortgage	1000.
Dime Sav. "	125		Due L.M.	<u>35</u>
Lincoln " "	<u>375.14</u>			<u>1035</u>
	760.96	760.96	Assets	6222.64
House	3500		Liab.	<u>1035.</u>
Liberty Bonds	850		Net assets	5187.64
WSS books (2) amt pd	166.68	166.68	"	<u>" 1920 4445.88</u>
Building & loan	800		Increase	741.76
Bank (invested)	70		1921	
Debts due us	75			
	<u>6222.64</u>	6222.64		

debts, large and small, are definite. Where accounts are due to tradesmen, these should not be included unless when paid the amount is to be charged to the old account. Ordinarily bills for December purchases charge to the January account, and if this is done year after year the accounts show 12 months each year. The business house must wait until all bills incurred in December (or any other last month of the fiscal year) are in before they can close the books for the year, but there seems to be no advantage to the family in following such a procedure.

A mortgage on real estate owned may appear in Liabilities or may show in Assets, being deducted from the money value of the property before this is listed. It makes no difference which method is chosen. If it appears separately the state of the family finances is given in greater detail; if it is shown only by the value assigned the property, the list is more compact.

Then arises the question of the period of time for which the budget should be made. Many think it easier to begin with a short period—three months, let us say, or even a single month. But this is a discouraging method. Such items as rent, food and telephone run on from month to month with the same, or approximately the same, expenditure. But clothing means usually a large amount in one month, almost none in another. Coal is bought usually to best advantage in large amounts—

often the year's supply at one time. Insurance is normally paid in a yearly or two semi-yearly payments. Those who budget from month to month may easily be discouraged by the heavy charges of one month out of the twelve. The family income is thought of to best advantage in terms of a year, and the budget should be made for the full year. The calendar year is the easiest to choose, in many ways, though for those who are on salary and whose appointments range from July 1 or September 1 there may be an advantage in making the budget year start from that date, especially if the income is very small. Salaried people always hope for a "raise," and if the budget is for January-December and the larger salary begins in September, then there is a delightful surplus—any surplus is delightful, however small!—for the last four months of the year. A budget that goes into effect January 1 is undoubtedly best for most people.

The budget should be begun at least several weeks before it is to go into effect. The first session must have a good, long, free evening—or a free Sunday afternoon—given to it. Details can be considered and discussed in odd moments after the general outline is made, and one more session of at least an hour is needed to put the budget into final shape. How much time a given family or individual needs must depend on the definiteness of their desires, the clearness of their think-

ing and their general judgment; but the minimum is the time mentioned above. The budget is too important to be done in a hurried spare hour or two.

Before beginning it is well to have on hand the form to be used in the budget and accounts. This may be adopted later—at any time before the budget goes into effect—but time is saved if the cards, leaves or books are ready. The discussion as to the best form is given at the beginning of Chapter VII. Many families on small incomes have worked the budget by an envelope or box system, distributing into these as weekly or monthly money comes in the share allotted to each heading. This is real budgeting, but it is not satisfactory without the long plan just discussed. Moreover, it leads to inconvenience in borrowing between envelopes or boxes, and it makes impossible the convenience of the checking bank account. If detailed accounts are not kept—and if they are, there is no special point in the system—the details of expenditure escape record and are therefore not available in planning future expenditure. The “system” is better than none, but it will hardly content for long the intelligent user of money.

When the solemn first session on the budget begins, the first thing to be faced is the income. To those whose income is from salary, from an allowance, or from investments paying dividends regularly (like Govern-

ment bonds), the question is simple. The income is known in advance. For those whose income is derived from investments not sure to pay regularly, such as industrial stocks, it is always the part of wisdom to set aside for Savings some part of the income each year, to be used in the years when the dividends are passed or lessened. Those who are in business or professional work for themselves or who receive part or all their income from commissions are only too often disheartened in making a budget because they cannot count on a definite income. But this group, especially when the income is received in irregular amounts and not at stated times, need the budget far more than those whose weekly pay envelope or monthly check is steadily of the same amount. Their income should be reckoned as the sum on which they can safely count, not as the sum they hope to receive this year. If they can safely count on \$3,000 and hope for \$5,000, the budget should be relentlessly made for \$3,000. Then after three months or six months, if the extra \$500 or \$1,000 has come in, they can revise the budget, counting only on what has been received, not on the possible extra money of the next similar period. In other words, their only safety is to plan so that they can live on the minimum, using any surplus only after it is received as actual cash. Mortgaging the future is a dangerous business,

unless of course it is done with good judgment in the interests of future gain. The expected income should be carefully recorded on the form chosen.

Now comes the very important question of the form of the budget. How detailed should it be? Many who advocate the budget advise beginners to make very general headings, on the ground that classification is a difficult art. It is, and for that reason chiefly this book advocates strongly a very detailed list of headings, since with such a list the classification of the great mass of items requires no thought at all. To illustrate this point, let us consider the general headings frequently advised.

Food	Operating Expenses
Clothing	Higher Life
Shelter	Personal Expenses

Miscellaneous

Where does the dentist's bill go? You will be told in Higher Life—horrible thought!—because health is included there. Where does the new side-board go? In Operating Expenses, or in Shelter? Where do you charge the cost of the railway trip to grandmother's funeral? Miscellaneous? What does Miscellaneous mean, anyway, in cost accounting? Or Sundries, or Minor Expenses, or Personal Expenses? How can you control the expenditure under such a grab-bag heading?

But look at the detailed list suggested here. No one family, in all probability, would ever need all these headings, and many a family must add one or more of its own, but the principle of this is "a heading for every kind of thing and everything under its own heading." The items are arranged alphabetically for convenience in use. The advantage to the family of arranging them in classified order is hard to see:

BUDGET AND ACCOUNT HEADINGS

SUBHEADS FOR ACCOUNTS ONLY

Allowances (children)

Automobile

Care of House

Outside

Flowers

Furnishings, permanent

Furnishings, not permanent

Inside

Clothing-Accessories

Coats and Wraps

Gowns

Hats

Jewelry

Repair

Shoes

Underwear

Debts

Interest

Education

Entertainment

Express, Freight, Parcel-Post

Food

Bread

Dairy Products

Dry Groceries

Food Outside Home

Fruit

Ice

Meat, Fish, Poultry

Vegetable Garden

Vegetables

Garbage Disposal

Fuel

Gifts (Church, charity, civic)

Gifts (Personal)

Health

Insurance

Laundry

Light

Lost ¹

Luxuries ¹

Man's Expenditure

Postage (Letter)

Professional or Business Obligations

Reading

Recreation

Rent

Savings

Service

Stationery

Taxes

¹ For accounts only.

Telephone, Telegram

Toilet

Transportation—Carfare

Transportation—Other than Carfare

Vacation ²

Budget and Summary

Income

With such a list where is the difficulty of classification? The dentist's bill goes under Health, the new side-board under Care of House-Furnishings, the railway trip under Transportation-other than Carfare. There is no Miscellaneous, Sundries, or any other catch-all to trap the unwary. The family or individual who does not need all these headings ignores those that are unnecessary, and as said before, some families may need a new heading or two. But few are the families who cannot find within this list good headings for all their expenditure. There may, indeed, be some discussion of an individual item. One person, for example, charges a trunk or a traveling bag to Clothing-Accessories, because either is used to carry clothing chiefly, while another prefers the heading Transportation, because either is used only for traveling. But such differences are negligible, so long as the individual

² Perhaps for accounts only.

is consistent. And consistency is easy in the account keeping recommended here, because it takes but a moment to look back to see what one decided the last time such an expense was recorded.

In the first budget session, after the income is clearly noted comes consideration of this list of headings. As is stated at the head of the list, the subheads are intended for Accounts only, and the main headings alone need be considered in the budget.

Before considering them, it is helpful to decide to learn to think in percentages, both in budgeting and in spending. Eleven cents a pound for string beans is "only a penny more" than 10 cents, but it is 10% more, which is worth considering. Ten per cent of the total food cost for the year is a tidy little sum. Perhaps the beans at 11 cents are worth more, perhaps the use of the shopper's time and energy is better if 11 cents is paid, but the real money difference should be recognized. If the rent is \$50, the change to \$60 may perhaps be met without difficulty. It is only \$10 a month more—but it is also 20%. The habit is one easy to acquire, one indispensable to the business man, and of almost equal value in the business side of the household.

Before beginning to consider items, write on a large sheet the headings the family need, arranging the sheet so that the figures will be in columns, easy to add. Read

over Chapters IV and V, which call attention to points worth considering under the different heads. The problem is after all not so difficult a one as first thought suggested. In an ordinary family the main expenditures are pretty accurately known. If a vague kind of budgeting did not control family expenditures, the family would be in debt constantly. Father and Mother know about what they can afford for rent. To be sure, they may decide after careful study of the family's whole expenditure that they are spending more than they can afford so that they can change to advantage, even with the expense of moving counted in. But they begin with Rent—or its equivalent in costs for an owned house—and go on naturally to Food. Here many a family begins at once to doubt the need for an expenditure like that of the past. "Our food costs at least \$20 a week. I wonder if we couldn't get it down to \$19 or even \$18.50? That would be \$52 or \$78 to use somewhere else." But the decision should not take long.

Clothing is the next large expenditure, and probably the one that admits of the most variation in the ordinary family. A fairly generous allowance—what the family ought to be able reasonably to have, with its income and circumstances—should be allowed at first. Alas! in most cases it will have to be cut down later, in the interest of some other need or demand.

Having provided for the elementary needs for the family, decide on Savings. Without being dogmatic, one can advise any normal family living on an earned income that it is running into danger if it spends more than 25% of its income for rent, spends more than 20% for clothing, or saves (of an earned income) less than 10%. At this point of the budget making, check up to be sure that you are within these limits, and if you are not, see if readjustment cannot be made before going further.

Select next the items that are not easily controlled, if at all. Insurance, for example, cannot be changed in amount without changing the amount of security gained by it. The income tax must be paid in full. If one has a telephone in the house, there is a minimum set automatically, and only the overtime or long-distance calls can be controlled. It does not take long to decide what the usual expenditure for the telephone is, and if later the budget must be pared here and there, perhaps the minimum can be changed. The difference between a single wire and a party wire looks larger on the budget than it does on the monthly bill. Other items that are easily settled may be chosen in order, leaving those in which the margin is wider for later decision. Reference may be made to the notes of Chapters IV and V, which have been read over once already. It is easier to make all items in dollars, ignoring cents.

When there is a figure opposite each item, the first test comes. The addition of all the figures will in eight cases out of ten make a larger sum than the income! That is a natural result of the natural desire to have a little more than the income will buy—and perhaps of the equally natural feeling that we deserve to have it. Now comes the test of the family ideals, of the rank of importance of each item. Now begins the changing from sums ending in 0 or 5—the round numbers so easy to add—by shaving off one dollar here, two dollars there, three dollars somewhere else. Sometimes much larger sums must be taken from the larger items. The two that are oftenest cut down after the first estimate are probably Clothing and Care of House. House furnishings fall under the latter head, and perhaps that new side-board would swell the account too much, or the new curtains for the sitting-room must wait—or be of plain marquisette, made at home. Clothing can be extended so easily that it offers also many possibilities of contraction. Very few families really wear out their clothes, and few are willing to wear them after they are shabby unless the reward for doing so is definite and understood; Chapter IV offers suggestions as to the clothing budget.

It is at the point where a general decision has been reached by the parents that the children are usually called in. The choices that have been discussed are

gone over with them, and some may even be decided by their vote. If the children themselves decide for chicken and ice cream once a month instead of once a week, they will eat a good corn chowder cheerfully on Sunday—and enjoy the chicken when they get it more than ever they did before.

When at last the budget is cut and pruned until its sum total is that of the expected income, it is quite probable that the family will be more dissatisfied with its income than it ever has been in the past. Before the budget the dissatisfaction was scattered along through the weeks and days, general, but not acute. Now it is concentrated, and may become actually painful. But in compensation the whole question is faced, and the limitations are accepted, once for all. There are only two remedies—to increase the income, or to learn how better to adjust one's desires and habits to the present income. The second method can be used to some extent in every family. Under the stress of the European war many a family that had thought itself as careful as it is possible to be in expenditure, even families who had lived by a wise budget—many such families learned to be content with a lesser expenditure on what was practically a smaller income, reduced by the rapid advance of prices. It was the desire to help that made the reduction possible. Other like desires can be cultivated and encouraged until they become as imperative

as that aroused by a great national and international crisis.

Having made the budget, the family must realize all over again that it is made for them, not they made for it. It can be readjusted at any time, but always with the condition that when money is added to one item, an equal amount must be subtracted somewhere else. There was never a better teacher than the budget for the lesson that "you cannot eat your cake and have it too." The same money will not buy two different things. This question of readjustment is dealt with in Chapter VIII.

And even without formal readjustment the budget will never, without absurd contortions of accounts and expenditures toward the end of the year, show an exact balance under each heading with the same heading of the accounts. Rent, Insurance—a few items of this kind may show on the yearly summary the exact amount allotted to them a year before, but very few items have such rigidity. The normal result shows a small excess in expenditure in some items, a small surplus in others. If the sum total does not exceed the income, and if the Savings item has had its due share, then the family may well feel triumphant as it closes one year and plans an even wiser use of resources for the next.

The budget as accepted should be written on the card or leaf, or in the book, chosen for the accounts, a

Budget - Summary - 1920

\$ 3000. +

Allowances	10	10			Postage	1698	1683	68
Cave of House	30	29	10		Reading	15	14	38
Clothing	525	506	32		Recreation	25	26	99
Education	10	12	40		Rent	570	590	
Entertainment	10	13	50		Service	10	20	40
Express etc	7	3	08		Stationery	10	7	11
Food	825	791			Taxes	12	12	16
Fuel	100	112			Telephone etc	40	38	20
Gifts (personal)	25	27	25		Toilet	10	9	60
" (public)	40	42	80		Transport. ^{carfare 5.} other 20.	25	29	82
Health	40	61	03			2425	2444	44
Light	26	25	20		Savings *	575	602	
J. B's expend.	50	50				3000	3046	49
	1698	1683	68		* plus any surplus			

The card of a family of four—two young children. The man (J.B.) is in a bank, and must dress well. The slight fall in food prices helped pay the advance in rent. The back of the card (not shown) gives the income for the year (salary plus gifts, interest and extra earnings) as \$3,060. The difference between this sum and the \$3,064 total on the card is \$14.16, the amount forgotten in keeping accounts. Savings should have been $\$575 + \$60 = \$635$, but Health made an extra demand this year.

second column being left blank for the figures of expenditure, to be filled in at the end of the year. This Budget-Summary is useful for the second year of budget keeping, and grows increasingly valuable each year, as the series grows. After five years a careful comparison of these will offer some interesting facts. Probably it will be found that in the majority of items the variation is sometimes an excess, sometimes a surplus, while in others every year shows either one or the other. In the latter case the budget should of course be changed, in the interests of honesty. If the family plans year after year to spend a certain amount on the telephone, for example, and as regularly exceeds that amount, then the plan must be changed. To say: "I only allow myself \$50 a year for amusement," when an investigation would at once disclose that year after year shows an expenditure of \$57, \$59, or \$60 is lying to oneself, and a petty sort of lying at that. One does not juggle figures that express ideals.

IV

THE BIG ITEMS

The money spent for food, clothing and the house—under the two headings of Rent and Care of House—takes the bulk of the money of any but a very unusual budget. The item of Service is very heavy in some families, but these are comparatively few, since the overwhelming majority of families have no regular employee in the household. Those who do, and especially those who have two or more, find the Service item ranking near that of Rent, and also increasing the budget for Food, except where household service has been put on the industrial basis as described in the next chapter under the heading Service.

Rent. The family choice of a home is to be determined first by the conditions that make for health, next by its convenience for the members of the family who work outside the home, for the school-children, or for both, and last by the social values. If carfare must be paid to get to school or work, that is really part of the cost of rent, although in household accounting it is satisfactory to charge the expenditure to Transportation-Carfare. The expense must, however, be kept in

mind in considering the real cost of the family quarters.

If the house is owned, the charges here are for taxes, insurance, assessments and repairs. Strictly speaking, there should be charged here and on the income card (balancing each other) the interest on the investment. This may be done at the end of the year in one sum. Since the value of the house appears among Assets, it is well to show that there is a real income from it, although no money is handled. It is also well to realize afresh from time to time the real cost of the use of the house. If the house is rented the matter of charging is simple. The terms of the lease must be carefully studied to see what money obligations may arise, as well as for other reasons. Besides the regular house charges this heading may include hotel rooms, though in many cases these are chargeable to Recreation, Business or Professional Obligations or Vacation.

Those who are boarding often think it sufficient to have a single heading for Rent and Food, but this is unwise, as even in the same house one can increase or decrease the cost of the room by changing from one to another, while the food charge remains stationary.

Food. There is a minimum of money cost to the food that will keep any given family adequately nourished, but it is an imaginary family that could be fed at this minimum cost. Likes and dislikes in food must be regarded. No normal human being wants to eat

“calories” or “food values.” He wants to eat food and food that he enjoys. Food that is “good for you” nevertheless does not afford you nourishment unless you eat it. The wise homemaker studies ways of getting the members of her family to like both food that is “good for them” and food that offers as much nutrition for the same cost as some more costly food already liked. There are many books to help her. But the experienced homemaker who studies the problem has little difficulty in deciding as to the sum she must have to provide food that will meet both the family needs and the family approval. As she studies her small but important problems of cost accounting she learns how that sum can be lessened, and offers the family such choices as the chicken-and-ice-cream one referred to elsewhere.

In the list of headings there are provided for the accounts a number of subheads under Food. These are of course not considered for the budget and in many a family they may not be needed at all. But usually it is helpful to keep at least a few of them for a year, since thus one can study the relation of expense to nutrition. In a family with several growing boys and one or two men the Meat, Poultry, Fish heading may profit by further division, since the meat cost is apt to rise appallingly high. Where there are a number of young children, Dairy Products must surely get its full share. Ice is often ignored in food costs, but may, especially

for a family that lives in a city for the greater part of the summer, be no mean addition to food expenditure. "Food Outside Home" is especially worth while in a large city, where lunches or tea away from home seem a simple matter until one sees their cost in a year. Candy and soft drinks are well classed here. Sometimes they are put under Recreation, but it seems wiser to classify all foods together, since all represent nourishment, even if some are not eaten with that in mind. Cigars, cigarettes, tobacco, on the other hand, have no nutritive value, and should certainly be paid for by Recreation.

The Vegetable Garden often justifies a separate heading. It is not always easy to keep account of what comes from it, but a daily jotting down in a special note book or on sheets will enable the housekeeper at the end of the season to get a general idea whether the garden paid in money as well as in the freshness of the product. Putting the cost of plowing or other paid work in the garden under the general heading Service is bad accounting. If none of the family work in the garden, it may well be that the cost of labor sends the cost of the vegetables above the regular market price. Even so this may be advisable, since the vegetables are better, but the family should know what they are paying for.

The whole question of canning and preserving at home needs the same careful study. The housewife need not

reckon the labor cost at so much per hour, but if she finds that the total cost—materials, cans and rubbers, canning equipment, fuel, storage, loss and breakage—is greater than the money cost of the commercial product of equal weight, then she must consider carefully whether the quality of her own product is enough better to warrant the extra money plus her labor. It is not necessarily economy to do home canning and preserving. The market conditions and the home conditions both affect the question. The study of such a problem involves budgeting time and energy as well as money.

Clothing. This is one of the most difficult items of the budget, not in making a decision as to the amount to be spent, but in using the amount to the best advantage. The primary purpose of clothing is undoubtedly to protect the body, a matter of health. But this purpose is almost obscured by the two secondary purposes that count most with all of us, that of adornment and that of conforming to the social usage of our group. In America that group is not a class, as in many of the older countries, but the people we wish most of all to be like. Many a girl with a small income, many a clerk on a small salary, give the same general effect when met on the street as the daughter or son of the multi-millionaire. Their variety of clothing cannot be as great, but their standard of style and even of quality

is the same. Undoubtedly this leads many times to real and serious extravagance on the part of those—especially the young—of small income, since they sacrifice health and family or social obligations to the desire to be “well dressed.” On the other hand, the desire to look well is one of the elements of progress, and any attempt to urge young or middle-aged or old to dress plainly at a low cost without regard to effect would be not only ineffectual but reactionary.

The ideal is a right one—to be “well dressed.” The trouble is with the individual interpretation. To be well dressed is to be suitably dressed for the occasion, in clothing that is becoming in color and line and good in texture, but more than this, it is also to be dressed without deception, without the attempt to make others think that our incomes are larger than they are. It is the temptation to violate this last rule that brings most of the trouble. The average American is constantly tempted to a foolish sort of lying through outward details, tempted to appear richer or more powerful than he or she actually is. This falsifying is often quite or partially unconscious. It is certainly not often faced and accepted. One of the great values of the budget is that it almost forces one to honesty in the matter.

But when the question has been settled and the sum of money to be spent is known, difficulties are not over. In the first place, the sum should be divided fairly

among the different members of the family, so that the account may be kept separately for each. If the school-girl is to have her silk stockings and the school-boy his silk shirts at the expense of Mother's winter coat or Father's summer suit, the money is being used extravagantly, and the children are being badly trained.

Here also, in keeping accounts, it is of great importance to use the subheadings. They may seem unnecessarily detailed, but they will be found very helpful, especially after three or four years. Then the card or the loose leaf (strongly urged in Chapter VII) will show at a glance the range of expenditure from year to year. Most people who have not kept such accounts decide at first sight that some of the subheads are unnecessary. "Jewelry? I never buy jewelry for myself." This has a virtuous ring. The obvious answer is: "Do you never break a watch crystal or have your watch cleaned? Never buy a hat pin or cuff links or a collar stud?" And the less obvious one is: "Why should you not, if you wish? If you prefer the permanency of a topaz brooch or gold shirt studs to the vanishing attractiveness of a more expensive silk or serge, why should you not indulge in the jewelry? If you provide for your actual needs in clothing, it is for you to choose what will in the end give you the most pleasure."

Clothing-Accessories puzzles many people. It might

perhaps be called Miscellanies except that that word suggests an idea that is taboo in good accounting. An umbrella is an accessory, a bathrobe, a belt, gloves. Stockings can be put here or with Clothing-Shoes, to show what dressing the feet costs. Materials for mending and sewing naturally fall here, the item Repair being kept for the larger charges of remaking or, if it is put here instead of under Laundry, of dry cleaning.

In considering clothing expenditure the first consideration in judging values is the fact that the net cost of clothing is the first cost plus care and repair, divided by the amount of wear. In other words, the undergarment of fine material trimmed with delicate lace whose first cost is "only \$1 more" (probably 50%) must be laundered with such care that its cost is thereby much increased, and even then cannot be worn as many days as the one that cost \$1 less. This is not to say that the daintier garment may not be justified, but only that its actual cost should be recognized. If it is, it may be worth to the owner the making for herself or the laundering by herself that will lengthen its life and make the cost per day little or no greater than that of the sturdier garment. The suit or gown that will clean well has a longer life before it than the one that will not stand cleaning. The garment of such style and quality that it will be good to look at through two or three seasons is better than the garment that will last

but a single season. If the first costs three times the last, and the extra amount is paid for quality and good construction, the garment is well worth it, since the wearer will be better dressed all the three seasons than he or she could ever be in the cheaper material and style.

The daily care of the clothing worn extends the clothing income in a surprising way. Such care means that outer garments are properly brushed, and hung smooth on hangers—in free air until all dampness has evaporated and then in a well-arranged closet, where they are not crushed or wrinkled. It means also that they are pressed whenever they need it, for tailored garments, once in a while by a tailor. It means that the least repair is made when it is first noticed—a hook or a button made secure, a rip sewed up, a small hole darned. It means that a spot is removed as soon as it is seen, and that for a woman collars and cuffs that can be laundered are kept constantly clean and smooth. For undergarments it means the same care in mending and also that these are never so soiled before laundering that much rubbing is needed to remove the soil. If the garments are mended before sending to the laundry, the repair is almost invariably less, and they should never be so soiled that they are objectionable to handle in mending. The habit of putting in or on the mending basket or table any garment as soon as it is seen to

need repair, when there is not at the moment time to mend it, helps to ensure the mending before the next wearing.

Silk undergarments and silk stockings—any silk coming in constant contact with the body—should be washed after every wearing, otherwise the body soil will in some degree rot the silk. If this rule is observed an astonishing amount of wear can be got out of a pair of good silk stockings or socks. Why not double the wear on either of these by the simple process of washing them out each night? All stockings need frequent washing, and should be mended before they are washed. If both these things are done, there will never be great gaping holes to darn. By the time the stockings reach that stage they are ready to go to pieces.

Shoes should be kept cleaned and polished or treated with whatever preserves best the material of which they are made, and shoe trees should be put in them the moment the shoes are taken off. When rubber heels wear down or leather heels wear off or grow crooked, they should be repaired or straightened. Shoes of good material of course pay best, and if the sole wears out while the uppers are still good—as will happen with most people who walk on pavements—half-soling will be a justified economy.

This is not a book on the care of clothing, but it is impossible to write adequately of a budget for cloth

ing without pointing out how to ensure adequate return for the money spent.

For the girls and women who enjoy sewing and who have the time for it, the money for clothes can be stretched by making collars, and other accessories or whole garments at home. Many attractive trimmings can be made at small cost. The woman who dislikes sewing and finds it a nervous strain should not attempt such work, and frequently it is a mistake for a woman who likes it to do much of it—when, for example, she is engaged all day outside the home in work that tires the eyes. There is no more reason why the woman who earns her own living should make her own clothes than there is why the man should make his. Usually, of course, she can do a little work of this kind and he, because of the nature of men's clothing, cannot make any of his. But if a woman keeps within her clothing budget and never touches a needle except for mending, she fulfills her obligation. If she has less dainty clothing or less of it than her fellow worker who likes to make underclothes and blouses and summer frocks, that is her affair.

There is one further point that needs consideration, and that is the amount of money that is tied up in clothing at any one time. The greater number of people have hanging in their closets or lying in their drawers partly worn garments that are "too good to give away" and

yet in practice prove usually too poor to use. As one sees that undergarments, for example, are wearing out, one buys a few new ones. "I need new nightgowns." There are, say, six nightgowns in their proper drawer, of which three show distinct signs of wear. Two more are bought and put in the drawer, and then there are eight to be worn as they are needed. The three that gave warning are worn sometimes, but usually not as often as the others, and in consequence are still in the drawer after another six months or a year. Sometimes the same result is brought about by the purchase of a real bargain in nightgowns. This is an economy in itself, but results in a nightgown collection representing \$16 instead of \$12. There is a simple way of avoiding this difficulty without failing to be forehanded. Set a limit to the number of any given article that should be in wear at one time, and when the new articles are bought, put them in a storage drawer until those are actually worn out that are "almost gone." It is often surprising how long a time that will take. As each garment is discarded, replace it by one from the storage collection.

The same process should be used with suits, wraps and shoes. It is well to have a reserve of something that cannot be spoiled by rough wear, for some emergency that may arise, but otherwise what cannot be worn with fair frequency or made over, should be dis-

posed of. If a shabby suit or a dress is worn only once or twice a year, it does not justify house-room, especially when it will meet a great need of some one less fortunate.

It is not necessary in order to make a clothing budget, but it is most helpful to make a complete inventory of one's own clothing, classified minutely, to set down the original cost, and to add up the sum. Most people have a greater amount of money than they realize tied up in this way. A very helpful thing is to have columns after the name of each item. In one column goes the number one actually has, in another the ideal number for one's needs, in a third, fourth and fifth the number one needs to buy every year, every other year and "once in a while" in order to keep up the ideal number. Other columns give the cost of what one has, the yearly, bi-yearly and occasional cost of what is to be bought to keep up the number. The last three columns will give the yearly clothing cost—by adding the sum for every year, half the sum for every other year, and a third of the "once in a while."

The following list shows the three columns of clothing needed, as worked out in 1917 by students in the School of Household Science and Arts of Pratt Institute who were preparing to teach dressmaking, millinery, and kindred subjects the following year. This out of date list is given because it is an excellent illus-

tration of how easily readjustment may be made. To revise this list in price would have meant many changes in 1919, but not so many in 1921. It is to be hoped, however, that the teacher had her salary raised soon!

Such a thorough going over is especially helpful in the planning of outer clothing. Men have less difficulty in this matter, but women or girls only too frequently find themselves without just the right dress for a given occasion, though they seem to have plenty of dresses hanging in the closet. Planning dresses by types will avoid this, and make provision for every social occasion one is likely to be called on to share. Fire insurance and burglar insurance on Clothing makes an inventory of some sort almost necessary. Insurance is taken usually in one sum to cover household equipment and clothing, and the cost of carrying it should be divided in right proportion between Care of House and Clothing-Accessories.

The variation in value-for-cost in the Clothing budget is evidently the greatest among the budget items. And since the right or the pleasing clothing makes a great difference in the comfort of most people, the question merits much careful study.

Care of House. The subheads provided for this item are rarely all needed. "Outside" is necessary only where there are grounds enough about the house to mean a possibility of considerable expenditure. Sidewalks to

be cleaned, flowers to be planted and weeded, shrubs to be trimmed—if this is all or most of it done by members of the family or regular employees, the heading is not needed. If the house is owned, the painting, shingling and other outside repairs to the house itself are of course part of Rent. If "Outside" is not used, "Inside" can be omitted, and the charges for general cleaning materials set down to Care of House generally, without subheading.

Care of House-Furnishings, without the distinguishing subheads, is usually sufficient, but when a house is being furnished or refurnished the subheads may prove valuable. This subdivision of Care of the House is one that is often called on to contribute to some other item of the budget that demands an excess. After all, a new dining table can wait until next year, slip-covers of cretonne made at home can cover worn upholstery, and the hall rug can be mended or even dispensed with altogether. Furnishings are a sort of lasting luxury, and the acquisition of a longed-for bit probably gives the family a greater feeling of luxury than any other single expenditure—unless they buy a motor-car. On the other hand, it is easy to spend a goodly sum in a year on what some call doo-dads, little trifles that are amusing when one sees them for sale, amuse the family when they are taken home, clutter up the house, and give no lasting pleasure.

If fire insurance and burglar insurance on furnishings are charged here, that will show up more clearly the full cost of expensive equipment.

Flowers. This subhead is needed only when keeping fresh flowers or growing plants as part of the adornment of the home is a habit leading to an unexpected amount of outgo. A quarter at a time means many dollars a year if it is spent often enough. If this budget item is regularly cut down every year, there is something wrong with the planning, but if it is hit hard sometimes, that is only in the course of nature in family life.

V

THE LESSER ITEMS

Allowances (children). Another chapter deals with the advisability of this heading. As this is definitely budgeted, the recording on the accounts is simple, and it is done in detail only to keep check on actual payments.

Automobile. This item may easily be a very heavy one. Only a careful accounting will enable the family to be honest about it. Of course if the car is kept partly for business or professional reasons, the due amount for that must be charged to business or profession. That due amount should include not only all current charges for repairs, gasoline, oil, garage charges (or expense of garage if owned or rented with house), insurance, license, purchase and repair of accessories, and the rest, but should include each year a sum set aside for the purchase of the new car that is to follow this one. If a chauffeur is employed, his wages and other expenses incurred for him should be charged here rather than to Service, although if he renders other service in house or garden that would otherwise be paid for, that amount should be duly deducted. Keeping the real costs of an

automobile may be a task for a skilled accountant, but any family that is determined to be honest about it can keep an account that tells all they need to know.

Debts. This item explains itself. For convenience Debts and Debts-Interest should go on separate cards. Payment on the first really represents Savings, as by reducing debt one increases the balance between assets and liabilities. Payment of interest is a current expenditure, to be provided for like any other necessity. It is put here only if the money owed is for general purposes. If it was borrowed to buy an automobile, the interest should be charged to that heading. If the debt is a mortgage on the house one lives in, the interest is of course charged to Rent. In a similar way interest on money borrowed for Education is charged to that item, and that on money borrowed for investment charged to the proper investment account.

Education. It is simple to include here all school and lesson charges, whether for tuition or supplies. It is less simple to decide as to lectures, music and books, since these are often recreation as well as education. The heading Reading is provided to take care of all papers, magazines and books of a general nature. Whether a given lecture or concert should be charged here or to Recreation or half to each, must be left to the individual to decide. Where a child's allowance covers Recreation, the child should never be forced or

even urged by father or mother to spend Recreation money on what seems to the child educational only; that is, to what he would not himself choose as amusement.

Entertainment. It might be possible to do fairly accurate cost accounting as to the expense of entertaining one's friends as house guests or for a meal. One could, for example, reckon the life of sheets and towels and the cost per day of the use of each, and charge accordingly to Entertainment the wear and tear caused by Aunt Mary when she stayed two nights. It might be harder to compute the "depreciation charge" on furniture—say the dining room chair she sat in—but it would be easy to get a fairly accurate statement of the cost of food. And it would not be difficult to strike an average and know what it costs, in general, to have guests.

But would home be worth having if one took this point of view about friends and associates? The tradition of hospitality that we cherish from the distant past would become only a painful memory. We do not pay to entertain our friends at home: we offer them what we have as being theirs. "My house is yours" is hospitality. "My house costs me \$2,300 a year, of which \$1.85 is charged up to your day here," could hardly produce happiness on either side, even if the words were not spoken aloud. The Food allowance includes the cost of all food consumed at home, whether

by family, friends, employees, or the stranger within the gates. If too many guests by chance send the costs over the top, the family cheerfully economizes until the account is normal again. The same general argument applies to the pleasure given friends through drives or motor trips.

But "parties" may well be an extra cost, and estimated as such. And many times one entertains away from home, if only by an ice-cream soda or the entrance fee to the movies. When money is spent in this way, the share for the host or hostess is charged to Recreation and only that of the guest or guests to Entertainment. If one wishes to see a play and invites a friend, to charge both tickets to Entertainment would be deceiving oneself as to one's own generosity. In the case of membership to a social club where one often invites friends, each time club dues are paid, part should be charged to Recreation, part to Entertainment—half to each, or one-third and two-thirds, or any proportion that seems just.

Express, Freight, Parcel Post. This heading does not include expressage and cartage on baggage taken on a trip. The whole cost of the trip should go under Transportation, in order that one may consider it as a whole. All other cartage and transportation of packages goes here unless it is a legitimate part of the cost of some item classed elsewhere. For example, if food

materials are shipped from city to country or vice versa as a matter of economy, the shipping costs of course are charged to Food. It is probably wise to charge the shipping costs on Gifts (especially at Christmas) to that heading, as often it costs as much to send as to buy the gift, and one's attention is not called to that fact if the express or parcel post is charged elsewhere. It would of course be possible to eliminate this item entirely, charging each expenditure to some one of the other heads, but in practice it has proved a convenience to have it.

Fuel. This item practically explains itself. See comment under Light.

Gifts (Church, charity, civic). This and Savings are the two headings of the budget that usually profit most by the existence of the budget itself. There are few people who would not like to give more generously than they do. And there are thousands whose conscience is continually uneasy because they are uncertain whether they are giving their share. When the family sits down to a delicious meal and some one speaks of famine in China or misery in Europe or the children dying of malnutrition even in our own prosperous land, how can the family be happy about its table except by relentlessly thrusting out of mind the appalling pictures the words conjure up? But if the family has deliberately planned its expenditure and has set aside a

definite portion of the family income for giving "for the general good," and also deliberately decided that it has a right to a certain expenditure for food, then conscience does not clamor in just the same way. To be sure, one may still feel selfish—and still be so—but at least there has been an attempt to take one's share of the burden of the world.

Then, too, is one able to enjoy the real luxury of giving. Few men and women, and fewer children do not wish to help those who are less fortunate than themselves, and do not feel that a certain part of all that they have really belongs to these less fortunate. The grown people realize that this obligation extends to institutions and foundations that render great public service. Some call this part of their income "God's share," and this expresses most simply the obligation. When the family decides what this sum is to be, that sum then belongs to other people, and the only question regarding it is its wise distribution. But however generous the amount, it is soon given or promised. Then comes the call of some great need, and with it comes the chance for the real luxury of giving. Beyond the sum that "belongs" one can give by real sacrifice—taking some of the money assigned to Clothing or Recreation or Care of the House or what not. Then one really *gives* and enjoys the deep pleasure of giving. Such pleasure is impossible when one has not made a

definite budget, since even if one goes without a winter coat one had expected to buy, one may easily spend enough more in the spring to make the total Clothing expenditure as large as it would be normally.

The amount to be given must depend in part on the needs of the family. A family with a generous income for its needs will naturally not be satisfied with giving less than one-tenth of the income—the tithes of the Hebrew and many other early religions, when the tenth part of everything grown or made belonged to the Lord as a matter of course. Many men and women of large income give much more than this, and it is significant that the U. S. Government exempts from payment of income tax up to fifteen per cent of any income when it is given for the public good.

On the other hand, the family with small income and the obligation of feeding, clothing, housing and educating children often cannot possibly afford to give one-tenth. Many such families do not try to give anything, though their spirit is just as willing as that of their richer brethren. The small gifts seem so insignificant in the face of the thousands or even millions that others can give. What will their two dollars or their ten cents do? There are, of course, two answers to that question. First, the small gifts taken together count more than the very large gifts. Any one who has had experience in the finances of any philanthropic or edu-

cational institution will prefer a large number of contributors of moderate sums to a single contributor of a large sum. But the other answer is the one of greater importance. Society is a coöperative affair, and it is successful only so far as coöperation approaches perfection. It is not only in the eyes of God that the widow's mite counts as much as the bag of gold of the rich man. In the eyes of all socially minded men what counts is not the amount that one can give or do, but the fact that each does his share. The family that does not give something is failing in its social duty. As to the amount that any given family should contribute, that is a matter for them to decide, not for others to tell them.

It is a hopeful fact that hundreds of families and individuals who have never budgeted or kept account of any other item, have learned to set aside "God's share" and to keep account of it, so that they may be sure that they are full members of the human family.

Gifts (Personal). A common mistake in budget classification is to put all gifts under one heading. It needs but a moment's thought to see that gifts to family and friends are a very different matter from gifts for the public good. The personal gifts give the same kind of pleasure that one gets from entertaining one's friends. And in actual expenditure they bring a return in the form of gifts to ourselves—although that is not our

own motive in making any real gift. Gifts to church, philanthropic or civic work or to individuals in need are part of our general social obligation.

Under Gifts (Personal) should be charged the expenses of making gifts—cards to accompany them, tissue paper, ribbon, parcel post or express.

Health. This is the most tyrannical of all the headings, since at times it assumes control and runs away with Savings and even with some of the money assigned for other uses. A family in making a budget for the first time is apt to say that it is impossible to make even a general judgment as to what must be spent for the year ahead. It is hardly an item on which one can economize, unless one starts with the pernicious patent medicine habit and cuts that out! The items include charges for the services of physician, surgeon, oculist, aurist, dentist, osteopath, masseuse and all who give "treatment." It includes also medicines on prescription, household remedies, glasses and the replacing of broken lenses. Among all these charges there are some that are for most people fairly regular—the dentist, for example, and household remedies like carbolated vaseline or laxatives. But these are a poor basis for computing the whole. If the expenses under this head for the last five years are added and an average taken, that will be a fair start. If there was any large expense for a major operation or a long illness during those five

years, that should be omitted in the calculations. If by any chance a balance should be left at the end of the year on this account, the amount should be added immediately to Savings, since it is ordinarily from that account that any extra money needed for Health must be taken. Sometimes another item can be cut down, but it is not always advisable to do so. To save on Food or Clothing after a long illness may prove in the end an extravagance. No one can decide in advance even for himself how such adjustments can be wisely made, but those who are used to applying the right principles in planning their expenditure will have little difficulty in making decisions.

Insurance. As already stated, fire insurance on house is charged with the other costs of the house under Rent, that for household equipment and clothing under Care of House and Clothing-Accessories. If it is convenient to have all insurance charges on one card, one column can be used for those charged here only, and the second with *d duplicate charges. In entering, the name of company, number of premium and time covered should be included, as this is useful for reference. It must be kept in mind that when premises or conditions are changed the insurance company must be notified.

Health and accident insurance might at first sight seem to belong under Health, and allowance may be

made for them there. But when their purpose is to provide income or additional income, which is not always all spent on physician, nurse or medicine, it is quite legitimate to charge them here.

Life insurance as a form of investment is discussed in Chapter XV.

There are many forms of insurance. It is said that Lloyd's, the great English firm, will issue insurance on any risk of any kind. To insure against loss of crop by hail or storm, against loss of business caused by rain on a holiday, against the non-arrival of a given train (on time)—there is no end to the list. But few of these affect the household as such or the individual in his private life.

Laundry. This is an advisable item to keep separate, even when the work is done at home and no separate wage is paid for it. Fuel that is used for the purpose is of course not counted in the household, as it would be in an institution where cost accounting is careful. But soap, starch, bluing, clothes pins, other equipment—all are easily recorded, and if a laundress is employed the wage goes here too. Dry cleaning may be charged here or in Clothing-Repair or Care of House (according to article cleaned).

The item of Laundry may become a very heavy one, and it is one that can be cut down by the careful planning of clothing and house linen, by the proper care of

both, and often by the laundering oneself of at least part of the clothes. As is pointed out under Clothing, in calculating its real cost, one must consider the cost of cleaning or repairing and the wearing quality. Delicate collars and blouses that will be worn out in a few washings by the average laundry or laundress will last through many careful launderings by the owner. Many a wise young man washes out his silk socks after every wearing, and can listen calmly to the accusation of extravagance from some comrade who says he cannot afford silk socks, yet wears cotton ones several days, sends them to the laundry, has them worn out rapidly and actually spends more on socks than his "extravagant" friend. Many a young woman appears day after day in immaculate dainty collars that she washes or at least presses after every wearing, and handles so carefully that she can afford a hand-embroidered collar, or one with real lace, while some of her companions accuse her of extravagance and themselves wear machine embroidered "cheap" collars that they send to the laundry and whose cost per day of actual wearing is double that of the collars of the "extravagant" one. But only those who have the budget and account habit find it easy to tell which methods are best in the end.

Light. In many budget classifications Light and Fuel form one item. In the city apartment where heat is furnished with the rent and gas (or electricity) is

used for both lighting and cooking, it is not possible to separate them exactly. Otherwise it is far better to keep them under separate heads. In most households "Light" can be cut down by careful use when "Fuel" is not so easily controlled. The separation enables one to judge how far control is possible with either.

Matches should be put with Fuel unless they are used for lighting also, in which case their cost should be divided between the two headings. Candles of course go here, but candlesticks and shades are part of house furnishing, as are lamps, shades and fixtures.

Lost. This is a melancholy heading, never to be provided for in the budget, but appearing occasionally in the accounts. It is possible to avoid it when the loss is anything but money by charging the cost of return or replacement to the item under which the original purchase was classified. For example, a lost watch may mean cost of advertisement and reward or, if the watch is not returned, replacement. All of these charges may be made to Clothing-Jewelry, and the amount planned for Clothing for that year lessened by that much.

If a sum of money is lost, however, it lessens the whole amount available, but is not directly chargeable to one head. And as a matter of check on carelessness it

is probably better to charge all expenses of loss and replacement under the single heading.

Luxuries. This is a heading that many people find useful in their accounts, but it should not be a budget item, and should be a repetition as far as accounts go, ignored in a balance. That is to say, each item that appears under this heading must appear also under its own. To charge here a new gown—or the cost above the average if a more expensive gown than usual is bought—and not to enter the amount also under Clothing-Gowns conveys false information, since the total of the latter card will in that case not show all that has been spent on that form of clothing. No “luxury” should cause overspending in any item. To the person who for present satisfaction or future guidance wishes to know what he or she could have done without comfortably, such a list may have excellent psychological effect. But in the interests of honest accounting it must be repeated that the charges on this card must be duplicates, the regular charge under the proper heading being made in the usual way.

Man's Expenditure. This is an elastic item. It may include only the “pocket money” any man needs for carfares, lunches, tobacco, papers and the like, or it may be stretched to include all the man's personal expenditure, including Clothing and Entertainment. In the latter case the sum must be compara-

tively large. And also the expenditure (without budget) is not very well controlled. Yet the fact remains that very few men, however much they may declaim against the unbusiness-like habits of the housekeeper who keeps no account, are willing themselves to keep account of their personal (as distinguished from their business or professional) expenses. And it is quite possible for the general family expenses to be carefully planned and checked even when the "head of the house" refuses to bother with accounts, provided that a definite sum is set aside at the time of planning the budget, and that all cash he keeps or all expenditures made for him are charged against that sum. Without any intention of unfairness on his part, many a man asks his wife to buy or make for him shirts or socks or what not, and forgets that the articles or materials cost money that must be provided specifically. These items charged on the Man's Expenditure card show just where his expense stands. As with all those who do not keep accounts, the average man fails to realize how small expenses mount up, and almost inevitably thinks his personal expenditure smaller than it is. He too will get his money's worth only when he knows exactly what he does spend, even if he still refuses to classify the expenditure.

Postage (Letter). This item is commonly classed with Stationery, and that is a natural grouping. Yet

the fact remains that while the item Postage can hardly be varied much (since one does not, after all, fail to write to a friend because it costs two cents) that of Stationery may be kept modest or grow to very large proportions. Parcel post charges belong with Express.

In keeping account of postage exact dates are of no special value, and the easiest method is to disregard columns and run the account across the card, giving month once and then amount, adding each expenditure as it is made, so that the total is up to date.

Professional or Business Obligations. This item is not needed where all such expense is automatically charged to the professional or business account. Yet more people than one realizes at first have some expense of this kind to meet. Those who are their own employers charge such expense to their business or professional accounts,—or should do so—but those on salary or commission may often find it necessary or advisable to spend money for such purposes that will not be paid by the employing institution or firm.

There are many expenditures that fall under this head, most of them small. The largest is probably attendance at conventions or meetings, where the expense is not met by educational institution or business house. Next come the annual dues and contributions to trade, business or professional associations, and sub-

scriptions to periodicals of the same kinds. Attendance at association or group dinners, the entertainment of professional associates who are not also personal friends, contributions to flowers for social occasions or even funerals of trade or professional associates—all these mount up. In large cities even carfares for attendance on committee and other meetings may come to a notable sum.

This heading is probably more valuable to the salaried people of the educational world than to any other single group.

Reading. This includes the daily paper, magazines, books, rent of books and library fines. Text-books are naturally charged under Education. This item is easy to control, as the cost of regular subscriptions is known in advance, and the purchase of new books can be lessened even to vanishing point. That the family plan should include the addition to the family library of some really worth-while books each year is obvious. Even the service of the fine public libraries of to-day cannot take the place of the books that are part of the family life. The books should be selected with the same care as the family friends, and if an uncongenial stranger is introduced—by gift, let us say—he should be given no place in the choice company. A shelf in store-room or attic is good enough accommodation, although the wisest way to dispose of him is to give him to some one

who likes him—unless, of course, he should by chance be vicious. Many people respect a book as such, and give it room and consideration when a human being with the same qualities would not be an acceptable associate. Many choose carelessly a book that is worth reading once, but that is not worth a permanent place in the home.

Some charge magazines and fiction to Recreation, but it is simpler to have one heading for all additions to the general reading of the family, and a little study of the itemized list of expenditures at the end of the year will enable one to judge whether the reading matter added was the wisest choice. When Christmas and birthdays bring gifts of magazine subscriptions or worth-while books, if possible this should not mean cutting down the Reading budget, but only the purchase of further reading matter. For pleasure and profit all but the large-incomed families need more than they can assign to this heading.

Recreation. This heading needs little explanation. If there is one special form of recreation that calls for proportionately large expenditure, such as Music, Photography, Fishing, a subhead can easily be made, in order to keep careful account, so that the rest of Recreation gets its share. Tobacco needs such a card in many families. Comments under Vacation explain its relation to this heading, and under Entertainment at-

tention is called to the proper charging one's own share of "Entertainment."

Savings. As is pointed out under Gifts (Church, charity, civic) this is one of the headings that profits most by the very existence of a budget. It is only too much the habit of those who are concerned as to the methods of expenditure of those of small income or moderate income to talk as though the people who do not save money are lacking morally because they do not desire to save. Such an accusation is ridiculous. The person or the family who would not like to have "money in the bank" or otherwise invested is so rare as to be negligible in discussion. Every one would like to have money "put by;" the difficulty is how to get it into that desirable position. Since the desires of any normal individual or family are always greater than their income can satisfy, there is only one way to effect saving, and that is to plan it deliberately.

Where the income is too small for the legitimate needs of the family, saving may become a vice instead of a virtue. Many an ambitious working man has saved the flesh off his children's bones or driven his wife to an early death by depriving her of the very necessities of life in order that he might watch his savings bank account grow. This book, however, is not meant for those who have not income enough to feed, clothe and house their families decently. As soon as one reaches

the moderate income, the income that allows a margin of choice, then the question of Savings becomes of great importance.

Savings are for three purposes—the meeting of emergencies, accumulation for special purposes, and provision for old age, or the time when the earning power decreases or ceases. Savings for the first purpose are imperative. A major operation, a long illness, a costly journey to a family death bed or funeral, a period of unemployment—there should be a sum available sufficient to meet any of these. Otherwise debt is almost inevitable, and debt is both costly and discouraging. How much of the income must be saved for this purpose? It is of course impossible to answer for any individual or family, but it is safe to say that unless one saves ten per cent of the income the margin is dangerously low. Many families of fair income are in such circumstances that they find saving ten per cent almost impossible; others with the same income but different circumstances find saving more easily possible.

The second end—accumulation for a special purpose like a musical education or a voyage to foreign countries—needs no comment.

As to the third end of Savings—the provision of an income from investments when one is no longer earned—that calls for more than ten per cent of any ordinary

income. Each family or individual must calculate and plan for the best methods. In Chapter XV some suggestions are made as to the types of investment suited to different types of individual or family. It should be the rule in the Savings item that besides the sum set aside from the yearly income, all interest on money already saved should be turned back into the Savings account. Where savings have been invested in a house the family should if possible pay regular rent to itself and invest the money. If this is not done, the house is likely to prove no saving, as far as future income goes.

Money saved for the first purpose—the emergency—may be available for the second purpose, where the emergency does not arise or does not prove serious. Savings for the two purposes are not kept physically separate, of course, but unless the distinction as to the two needs is kept clear, a family that has saved a little money by careful planning and some deprivations is apt to be discouraged when it is all swallowed up in one siege of typhoid fever. Every family should expect emergencies and plan philosophically for them; then if they do not come, so much the better. There is no question that saving becomes easier as the savings account grows. The interest in a growing savings account is a natural and almost a universal interest. In former days it often led to a love of money for its own sake and so to the miser's joy in his hoard. But

in modern times there is little danger that the ordinary human being will grow to care more for money than for all the opportunities that money makes possible.

The first obligation in planning expenditure is to insure physical and mental health for the family; and for the latter a certain amount of recreation is essential. The second obligation is to the general good—to give one's share. The third obligation is to the future—to make due provision for it in the form of savings. After these three obligations are met, the family choice decides the rest. There may be instances where the second obligation has to yield to the third, but normally they go hand in hand to make for happiness and good citizenship.

In recording Savings it is frequently advisable to have several cards. Savings-Insurance and Savings-Bonds may well be kept apart. When any part of savings is so invested that money must be paid out, it is almost necessary to keep a separate card for that item. For example, if the family owns some real estate, there will be taxes and perhaps other charges. The card for Savings-Hollis St. Lots may show expense only, to be considered as Savings and added to the Assets list by adding this year's payments to last year's valuation of the lots in question. If the family builds a house on one lot, to rent, the heading becomes Savings-176 Hollis St., and the card shows the income as well as the outgo. All

such records are naturally kept in some form by the business man, but if the family, or such members of it as are old enough to use the records, are to know where they stand, the figures should appear there.

Service. The wages of employees in the household and payment for extra services outside are chargeable here, except where a specific heading claims the item. Laundry, for example, records the wages paid a laundress, but if she spends half her day only on the laundry and the other half on cleaning, the charge should be divided. The chauffeur, or, if he is also houseman, the due part of his cost, is charged to Automobile. Fees to porters are part of Transportation (or perhaps Recreation or Vacation). The cost of cutting the grass or caring for the garden are Care of House-Outside, although when the garden produces food, the charge must be made to Food-Vegetable Garden. For any work of cleaning in the house it is simpler to use the heading Service. If one wishes to know the total that has been paid during the year in wages and fees, this can easily be obtained from the different headings. If it is advisable to keep a current record it is better to enter all charges as Service, marking with a * or some other device all items that are also charged elsewhere. By keeping the starred items in a column of their own, it is easy to keep the account straight.

For regular employees—what we used in unregen-

erate days to call servants—there is gradually being established an industrial basis. Instead of the old idea that the maid's time belongs entirely to the housekeeper who employs her, and who generously gives her an afternoon off and a number of free evenings, it is recognized that the employee's time is her own except as she contracts to sell a certain fixed amount of it to her employer. During this definite schedule of hours she works continuously, and at least in the city where this is possible, she does not live in the house or eat her meals there as part of her payment, but goes out for them, as a stenographer or factory worker would do. Sometimes she has a room in the house, as part payment, but this is a matter of choice. In such cases the money wage is of course higher than under the old arrangement, but there seems to be general agreement among those who have tried the method whole heartedly that the money cost to the household is not greater than before. In reckoning the cost of a regular employee on the old basis, one must add to wages the cost of food, of at least light for the bedroom, of wear and tear, and if the room is not a superfluity, of rent. These costs are not separated in the budget, but they should be considered, and at the end of the year it would be well to add them in lump sums to the "Service" total, so that the question of cost of service is clear.

Even with the day worker costs must be considered.

The work of the laundress costs in addition to her wage (and perhaps carfare) her noon meal, and the cost of furnishing soap, hot water, bluing, starch, heat for the irons. Frequently the laundering is so much more carefully done at home under the housekeeper's supervision that the saving in wear and tear is considerable, but again many times a careful laundress is available who will do the work in her own home at no greater money expense, if all the items are reckoned, and at a saving of time and energy for the homemaker. Sometimes the laundry can go from city or town into the "real country" by parcel post, to the advantage of the country woman who has few opportunities to earn money and of the city woman who gets her laundry done at a less money cost than in the city, with a greater probability that the clothes have been dried in clean air and in sunshine. The advantage of the different arrangements possible is one of the numerous cost-accounting problems that the housekeeper must study, if she is to get the most from the family income.

Stationery. Under Postage it is explained why the two items should be kept separate. This heading includes all the minor expenses attendant on correspondence—ink, pens, pencils, blotters, paste erasers. This is where accounts cards are charged!

Taxes. This is a heading only for general taxes, the income tax the chief. In some places there is a

poll tax also. Taxes on real estate are charged to Rent if one occupies the property, to Savings if one holds the property as a present or future means of income. Sales taxes are naturally charged with the articles as part of their price but if these are listed also separately on an extra card, exemption can be claimed for them in filing income tax returns.

Telephone, Telegram. This is a convenient classification in days when telegrams can be charged to the telephone account. It is only in rare cases that there would be an advantage in keeping the two headings separate.

Toilet. This is one of the minor items that are not usually detailed, yet here is a chance to spend or save, especially for a girl or woman. Tooth brushes do not differ much in cost, but toilet soap may prove a matter of serious expense. So may perfume, powder, cold cream, cosmetics of different sorts. Then there are the shampoo and manicuring. Keeping this item separate has brought many a young woman to the washing of her own hair and the care of her own nails, since money thus saved may easily be enough to do some worth-while thing not otherwise possible. Hairpins, hair nets, pins, safety pins—some of these may be classed with Clothing-Accessories if one prefers, but there will still remain many items for the heading Toilet.

Transportation. The division into two headings is

a convenience. The carfare card is easiest kept like that for Postage—a running account across the card, with the total up to date.

Under the general heading come railway and boat fares, with the attendant expense for baggage, Pullman porters and the like. Cab fares fall here, also. Whether the cost of the vacation trip is to go here is discussed under the next heading.

Vacation. Whether this is to be kept a separate item is a matter for each family or individual to decide. Where the family has a country home or rents one for the year, the estimates for Food, Service, Recreation and the like naturally include the summer expense, and Transportation takes care of the traveling expenses. If, however, the vacation means a “trip” or a stay at boarding house or hotel, it may be preferable to set aside a sum to cover all expenses and keep the heading separate. In that case it is better accounting to deduct from the cost of living what food would have cost at home, charging the regular Food account with the usual amount. The same thing may be done with the Service account. The small differences are unimportant, but there should be some way of deciding how much more it has cost to go away from home than it would have cost to stay. The difference is fairly chargeable to Vacation.

VI

WHY AND WHAT ACCOUNTS?

For a long time it has been the habit of many men, especially those engaged in business, to condemn in no mild terms the woman in the home who is in charge of expenditure and yet keeps no accounts. Her failure to do so is made to seem a moral delinquency. As has been intimated before, not one out of a hundred of these critics keeps an account of his own personal expenses, but let that pass. What is the need for accounts?

The answer of most of the housewives who do not keep them is that they are of no value, since the money is gone, and it has been spent as well as they knew how. Quite true. What is the value of accounts unless they are to be used as a basis for future planning and as a check on the plan for the present? And they are of little use toward better judgment in future spending unless that better judgment is expressed in the form of a budget. On the other hand, the budget is of no value unless accounts are kept. A plan must be carried out, to have value, and the only way to find out whether the plan for spending the family money is being put into practice is to keep accounts under each

budget heading. It is evident that the budget has no value unless accounts are kept and that accounts have little value unless a budget is made.

The housewife who has tried to keep accounts and given it up almost always declares that the last straw in what seemed to her a useless burden was the strain and worry of the daily balance. To spend minutes and gray matter hunting for three cents or eight cents usually ends in despair of the whole business. It has been usual in books on household accounts to lay great stress on this daily balance, treating the family expenditure on the regular bookkeeping basis. But this is a wrong stress. If a few cents are unaccounted for, what is there to worry about? At the end of the year that few cents and the others that are missing will have to be deducted from Savings or provided from some of the surpluses. But even five cents a day only amounts to \$18.25 a year, and if the income is \$3,000 that is only roughly speaking $\frac{3}{5}$ of 1%. Frankly, that unaccounted sum is negligible in the face of the value of the classified account that has been kept, and is not worth the sacrifice of several hours and a good deal of peace of mind. From the accounting point of view this is heresy, but from the family point of view it is commonsense.

Of course if the unaccounted amount is several dollars instead of several cents, and if this deficit occurs

frequently, the matter becomes serious. The housewife beginning to record her expenditure would do well to make for a time at least a weekly balance. This is easy, with the system of accounts recommended here, as the little temporary notebook will show all cash expenditure for the week, and a page can be given to cash received, so that the balance is quickly made. Add cash on hand and cash received during the week, add cash expenditure, subtract the latter from the former and see how much of that amount is on hand in cash. If the difference is \$1 a week, a daily balance should be tried for a little until the inexperienced accountant has trained herself to record expenditure more carefully. It is easier to look back over the expenditure of one day than over that of one week. When the week's balance is fairly even, change to a monthly balance and when that is fairly even, change to the yearly balance. There are those who temperamentally enjoy making or trying to make an exact balance, but those who dislike it and find it time-consuming should not feel pangs of conscience over their failure when the yearly deficit is less than 1% of the income. There are few even of those who find the balance most difficult who will not find the unaccounted-for sum lessened as they acquire the habit of noting expenditures. But household accounting may be entirely adequate to the needs of the family even if it would not pass as perfect with the bookkeeper.

The bugbear of the daily balance disposed of, let us go further and say that accounts should be interesting—even entertaining. They should not require much time; a half an hour a week is usually ample, aside from the jotting down of cash expenditure as it occurs. But the record should be so interesting that the one who keeps it is tempted to linger over and study it, to make little reckonings as to probabilities, and to find pleasure in working out possible choices and adjustments. To do this the accounts must not only be classified, as the adoption of a budget requires, but also itemized. It is not enough to enter under Clothing-Shoes

June 25	2.25
“ 29	.75
July 15	12.50

The entries should tell a story, like this

June 25	Tan sneakers	2.25
“ 29	1 black shoe half-soled	.75
July 15	White bucks	12.50

An account should answer in the shortest possible time any question one wishes to ask about past expenditure. The rarest question of all usually is “How much have we spent altogether so far this year?” In the

system recommended here that can be answered only by adding a number of totals, and will take ten or fifteen minutes. But "How much have we spent on food so far this year, or this month, or this week?" can be answered by a single addition, taking but a moment. "When did you get that brown coat? Have you worn it three seasons or four?" Clothing-Coats and Wraps for the individual in question answers that instantly. "How much stationery should we order to last until summer?" is answered easily from the Stationery card, with its record of the date and amount of the last order. "What did the porch chair cost?" Care of House-Furnishings tells you in a moment. "Have we overspent on Food so far this year?" is answered quickly from the Food account, and a little figuring as to the monthly allowance multiplied by the number of months that have passed. "When," "what" and "how much"—all questions beginning with any one of these words are answerable by good accounts. "Why" begins subtler questions, but questions and answers alike arise as one lingers over the story of the family life, told in the record of dollars and cents.

Those who are keeping a budget for the first time should certainly check up, even if roughly, at the end of the first three months. List all headings, just in pencil on a big sheet, and head two columns Overspent and Underspent. Add the amount under each head-

ing, compare it with one-fourth the amount allowed for the year, put the difference under Underspent if the full amount has not been spent, under Overspent if there is an overamount. Put 0 in both columns for an account that exactly balances. Expenditure in many items must be irregular. If the accounts begin January 1 and the family pays its income tax in one amount, the sum for the whole year appears in the three-months account as three-fourths Overspent. But perhaps the fire insurance is paid yearly and in July, in which case on March 31 there is one-quarter of the whole sum in the Underspent column. When all are calculated, add the two columns. If Overspent is more than Underspent, run through the items and see whether this is justifiable. Perhaps the family expenditure January-March is legitimately more than in any other quarter, but it is well to make sure. If Savings is Underspent the difference between the amount saved and the amount planned should be treated as a deficit.

The time taken for this checking up is not great, and repetition at the end of the second and third quarters of the year will help bring a better result at the end of the year. Although this process is more necessary to the family inexperienced in budgets, it is one invariably of value to the experienced.

Many find it helpful to put on the accounts with the heading not only the budget amount (as directed in

the next chapter) but also the monthly amount. Then checking can be quickly made at the end of any month by multiplying the monthly allowance by the number of the months recorded. As most people do not enjoy addition, multiplication and subtraction in and for themselves, it is well to adopt any device that lessens the amount of this work to be done. It is not at all a bad idea to ask the children to do some of this division. \$125 a year for clothing sounds like a huge sum to Johnny, but when he finds that is only \$10.41 a month and that his winter underclothing alone costs more than half that, he begins to realize that the item Clothing eats up a lot of money in other things than suits, coats, hats and shoes. And when he finds that at the end of the first three months his clothing allowance for that time is overspent by nearly a whole month's allowance, he may even grow more careful in the care of the clothing he already has!

VII

HOW TO KEEP ACCOUNTS

The crucial question is how to keep accounts so that they will answer the questions one wishes to ask, and yet will not be a nuisance, a burden, or a time-consuming task.

The forms available for household accounting are numerous. The greater number are books with columns two ways on the page, one for the heading and one for the days of the month. There are several objections to this type of account. First, they do not allow itemized accounting under a single heading. It is not easy to trace back the Clothing items and to find when a certain article was bought or its cost. They give a total to date, of the whole expenditure and of each heading. But (the second objection) they do not offer space enough for the detailed headings strongly recommended in this book. The grouping of headings differs with different compilers, but there is invariably grouping of some sort, and almost always the reprehensible Miscellaneous or Sundries. The third objection is that the squared spaces and the following of lines across a page are not easy to the person unused

to bookkeeping, and are very frequently confusing to the eye and bewildering to the mind.

If the family is to keep detailed accounts under the headings chosen to fit its own needs, no printed form with headings can be used. The family must use either a card or a loose leaf system, each card or leaf with its own head and perhaps subhead. Whether the card or the leaf shall be chosen is chiefly a matter of temperament. The card is undoubtedly the most compact and economical form, economizing both time and storage space. But there are some people to whom a card file of any sort is anathema, and these prefer the loose leaves, fastened into covers. In giving directions for accounts this book will speak in the terms of the card, but whatever applies to that applies equally to the loose leaf. Accounts are kept on either in exactly the same way, and cards and leaves arranged alphabetically. In actual use the card is easier not only because most people turn to a given heading in a card file quicker than to one in a book, but because it is easier to slip the card from the file to study or to make entries than it is to handle the page of the book. It is also less trouble to add new cards than new leaves. But for the person finding the leaves easier, their use is an economy. No attempt should be made to keep the accounts in a blank note-book, with headings for each page or series of pages. This is sure to mean an undue allowance of

space under one head and not enough under another, and new headings or subheadings cannot be added easily. It is also difficult to work out index edges that will enable one to turn rapidly to the heading wanted. There is no advantage to the book unless it be that a book is harder to lose than a card or leaf, but as the account file is kept in or on desk or writing table, there is no reason to fear loss.

The first provision for account keeping is for the record of cash *as spent*. For this purpose there must be paper and pencil at hand. If the housewife pays some money out at the kitchen door, the best arrangement is probably a small cheap pad hung in some convenient place, with pencil secured to it by a string. For marketing a small cheap note-book is best, as a single sheet of paper is apt to get mussed or even lost. If the keeper of accounts resembles most women, she has several purses or bags to use on different occasions. Then each of these should be provided with a little book, such as can often be bought for a penny each, and a short pencil with protected point. The only safety for the account keeper is to jot down expenditure *as soon as it is made*. If marketing, the note-book should be taken out with the money, and the item entered—the date, in the shortest form, the briefest indication of the item and the amount. It takes but an instant. If one buys a pair of shoes it is not necessary to put

down more than "Shoes." When recorded permanently they may be "Tan sport shoes" or "Black walking boots" or "Gray suède pumps" but the briefest indication is enough to recall to the memory the details of the purchase. If Food is kept as one general heading, that word is enough to go down in the note-book, but if the headings Food-Vegetables and Food-Meat, Fish, Poultry are used, then one jots down "Veg." or "Fish," as the case may be. Carfare goes down as one rides, and the newspaper bought on the street goes down the next time one opens the book. It is a help worth noting to fasten together with a clip the used pages of each note-book, so that the book opens to the page to be used next.

The second provision is the cards themselves. Those approximately 4 x 6 inches are the best, being small enough to allow (in two columns) 26 entries on each side of the card. They are best ruled like the cards illustrated, but if such ruling is not to be had, it is a simple matter to buy the cards without any vertical lines, and to rule (preferably in red ink) the one double (central) and six single lines needed. There must be a card for every heading and one for every subheading. There should be an extra supply for Budget, Assets, Income, and additional cards. An initial purchase of 100 will allow a good margin. Each Clothing budget—for each member of the family, that is—will take eight

Income 1920

\$ 3000 +

	Taxable			Non-taxable	
Jan 2	Salary for Dec.	250		L. B. interest (200.)	4 25
Feb 2	" Jan	250		(J.B. Birthday fr. Mother)	10
" 13	Clerical work for A.D.T.	18 50	May 15	L. B. interest (150.)	3 18

Postage - 1921

\$ 30.

Cumulative Jan. 1.29-192	Feb. 1.65-2.66	May. 5.34-5.78	6.46
Apr. 6.72-7.22	May. 7.30-8.0	10.10-June. 12.75-14.75	July.
15.05-16.20	Aug. 19.55-Sept. 20	55-22.55-23.58	Oct. 25 10-
25.30	Nov. 26.10-27.12	27.22-Dec. 28.30-30.30	31.42 -
35.42	Total		
1922			\$ 35
Jan: 2.14-Feb-3.27-3.50-5.50	May-		

Income card shows recording of all sums received, ready to add for the income tax returns.
Postage shows compact method of recording expense where itemizing is unnecessary.

cards, so that five people use forty cards. When the cards are bought, get also one or two dozen guide cards, "fifths;" that is, blue or yellow cards 4 x 6, with a projecting tab at the top that is one-fifth the length of the card.

On the top line of each card, at the extreme left, should be printed or very plainly written the heading. If there is a subhead, both names go on, with a dash between as, for example, Clothing-Accessories, Clothing-Underwear. This is to ensure an alphabetic arrangement of the budget divisions. Another dash follows, and the year; as, for example, Clothing-Underwear-1922 (or if the calendar year is not used, 1922-23). Then at the extreme right of the line, write the amount allowed in the budget. Where there are subheads, as in Clothing, put this figure on only one card, the one that comes first in the alphabetical order. It is a help in using the Clothing cards to color the tops differently for different members of the family—red ink for one, blue for another, green for a third, black for a fourth. This makes it easier to put back into the file in the right place any card removed for entry or consultation.

The system is flexible and allows the temporary adoption of subheads when these seem worth while. For example, if the cost of the meat used has a tendency to mount too rapidly during the winter, a card can be

card or cards may follow it or may be put into the alphabetic file. This card, by the way, is conveniently kept in two divisions (either different columns, different sides of one card or different cards) for income on which tax must be paid and for that which is exempt. The latter must of course be reported in the income tax return, but the separation has to be made there, and time is saved if it is made currently. The Assets cards are more conveniently kept clipped together at the back of the file, as they are not used with any frequency. Extra cards of record, such as the record of bonds described in Chapter XV, or a card for Loans, or any other item relating to expense, are filed into the alphabet for easy reference.

Arrange this file, then select headings for the guide cards. The first, with the tab at the extreme left, is naturally Accounts, then the next, whose tab falls just to the right, may be Clothing. The one with the middle tab may be Food, the one whose tab falls just to the right of it Income, the one whose tab falls at the extreme right Postage. The exact headings chosen are not so important, but the guides should be so arranged that one does not hide another and the headings chosen should be among those often used. They greatly facilitate the finding of the cards needed. At the back of the file place the blank cards that are left, and the unused guides. Complete the file by placing

at the very front a piece of blotting paper cut to the size of the cards.

The cards may of course be strapped together with a heavy rubber band or a narrow elastic, but they are easier to use and suffer less from wear and tear if they are kept in a regular file box. These are obtainable in wood, the outside measurements being approximately $6\frac{1}{2} \times 5\frac{1}{16} \times 3\frac{5}{8}$. Such a box will hold the cards for the accounts of a family of five for at least three years, perhaps more. Select a box with a hinged cover, rather than an uncovered box (allowing dust to settle on the cards) or one with a removable cover, which is easily misplaced and not as easily replaced on the box without damage to the guides. The box can easily be decorated by a coat or two of coach paint, some stencils and a coat of white shellac. A gay account box has a certain psychological effect. If the box seems at the moment an extravagance, a box or tray can be contrived of a small wooden or strong pasteboard box of approximately the right size. The sides should be high enough to hold the cards upright, but low enough to allow the handling of the top of the cards from the side; a good height is three inches. All these details may seem trivial, but it is very important to make the machinery of account keeping as easy as possible to use. Some of the details have other importance. For example, if the year date is left off the top line of any card, con-

fusion may result several years later, when one wants to look up the details of earlier expenditure.

With the file and notebooks all ready—well before the date of beginning the accounts—the first day sees pencil entries in one or more of the notebooks. Let this run on for a week, then at a stated time (not necessary, but on the whole easier), enter on the cards all the items of the week. Collect all the notebooks and the sheets from the kitchen pad. Perhaps there has been some odd note during the week, in which case the natural place to drop the paper containing it is the Accounts box, in front of the file. (Here go any temporary notes regarding accounts, such as a loan to be repaid in a day or two.) Then there is the check-book, which has been used also, perhaps, as is advised in Chapter XIV. Gather them all and enter the data. Obviously the entries cannot be made in a sprawling or careless hand. A printing such as is represented in the illustrations is easily acquired and economizes space, but any neat small hand will do. Ink should be used, as the mark of even a hard pencil is rubbed when the cards are handled.

In the first column goes the date—not the year, since that is at the top of the card, but the month (or abbreviation) and the day. Where several purchases of the week can be classed together, there is no point in giving separate entry to the several items because they were

on different days. For example, during the week beginning July 6 vegetables may have been bought every day but Sunday. The entry is then not detailed, but under Food-Vegetables "July 6-11 3.14." In such a case of detailed subhead, the card may even have its entries run along with a cumulating total, as is described under Postage in Chapter V. If matches were bought on July 8 and kerosene for the oil stove on July 10 the entry under Fuel reads

July 8-10 Matches .12 5 Kerosene .85 .97

Or, if there is no danger of failing to identify entries in case of doubt, the month alone may be used

July Matches .12 5 Kerosene .85 .97

Economy of space is desirable and many devices there are to obtain it.

One of these is for such frequent small expenditures as newspapers or magazines bought away from home, the small fees paid for polishing shoes, the cost of sending parcel post packages. In any of these cases a slip of paper clipped to the *back* of the proper card in the Accounts enables one to note these expenses here as they occur and then occasionally to make one entry such as:

Nov.-Dec.	(Single) Newspapers	.42
Feb.-April	Shoes polished	.60

Clothing - Hats - 1916

Apr. 4	Renovating gray hat	2		May 4	Brown tailored hat	8	85
" 18	Brown straw hat	8		"	Band for old brown straw		85
June 12	New pompons		78	June 21	Renovating leghorn	2	
"	Cleaning fawn straw		50	" 24	Yellow hat 75 trimming 1.25	2	
Nov. 5	Violet hat velvet 5.30 frame .75	-	-	Oct 25	Purple velvet (Black's)	16	50
	" gold cloth 1.79 feathers 3. hat 4.50 satin flowers 3.19	10	94	"	Brown beaver (Krey's)	12	
Nov. 8	Brown velours	9	19	Dec 5	Black tulle hat	5	
" 11	Renovating theatre hat	1		"	Frame for theatre hat		69
Dec. 20	Sport hat - black	3	75	Dec 28	Fur cap	5	50
		36	16			61	39
1917				1918			
Jan 5	Chinese hat (garden)		85	June 15	Feather for old brown	3	
Apr 17	Green hat 3 trimming 5.	8				3	
		8	85				

Copy of an actual card kept by a woman. The 1918 (wartime) expenditure was only the \$3 recorded. The card shows the method of writing subheads and also the use of one card for several years. The other side will record two or three years more.

When a column is filled, the addition should be made at once and the total written in at the head of the next column. In this way the totals are never far behind. When one side of the card is used, turn and use the other, writing in the heading as at first. When a second card becomes necessary, it is better to put after the year another dash and the figure 2—or 3, for a third card. For example:

Food-Fruit—1922—2

When one card is filled and the total transferred to the top of the first column of the next, put the filled card (alphabetically) into a file at the back, with a guide in front marked Used Cards. It is convenient to fasten these together with a large clip or strong rubber band, so that there is no danger of other cards being mixed in. After a year or two there will be a considerable cumulation of these cards, but the alphabetic arrangement (and under the alphabet a chronological order) will enable one to look up a back item quickly.

At the end of the year add the total of each card, and in the case of a heading with subheads, the totals of all these, on one of the cards that has space enough for this. Clothing-Accessories is a good one to use for Clothing. If a year's entries fill only half the card or less, the card should be used for the next year also, the year and (if necessary) the budget allowance being writ-

ten at the beginning of the account. A card such as Clothing-Jewelry should last any one several years. The use of the cards in this way not only economizes in cards and storage space, but facilitates comparison between year and year.

When all the cards are totaled, write into the space left for the purpose on the Budget card, opposite each heading, and next the sum assigned it, the actual expenditure. Total the columns and compare the Budget total with the Accounts total. Have regard to Savings in doing this, since if this shows any deficit, the result is not right even if the totals are evenly balanced. The card is now the Budget-Summary card for that year. The budget for the next year is of course made tentatively before the accounts for the current year can be closed, but the Budget-Summary card should be studied carefully to see whether it is in any way a stimulus to revision of the tentative budget. It is well not to write the new Budget card—or perhaps to leave some items in pencil—until the Budget-Summary card can be studied a little.

The Assets card comes next, and is easily made on the basis of the one with which the family began. The difference between the total of the Assets of one year and that of the next should equal the Savings of the year (including the reduction of debt) plus any larger amount of cash on hand. When the comparison is made here, a discrepancy is at once discerned, unless in

Care of House shows type of entry and compactness.

Food shows a second card for the year, with only brief entries; no analysis of kinds of food material kept in this record.

the rare case where the account keeper has balanced accurately and without relapse. The difference is the amount of money unaccounted for, dealt with earlier in the chapter. If Savings have had their due share, this deficit is not important, and could fairly be assigned to one or two or three of the larger headings. If the deficit is more than 1% of the income, as has been pointed out before, the accountant will be wise to establish or continue the habit of a weekly balance, even if Savings has not suffered. Otherwise one or more of the budget items may be getting an undue share of the sum not accounted for.

When the accounts are made up, the full cards, or those that obviously would not last through a second year, should be filed with Used Cards, and new cards for the current year written at once.

A file of receipts is part of any system of accounts. As is said in Chapter XIV if a bill is paid by check the returned check is sufficient receipt. All other receipts are conveniently kept alphabetically by the name of the creditor and those of one year together, so that after the number of years during which debt is collectible, they may be destroyed without examination, as in the case of bank checks.

A practical help in keeping watch of accounts due is a monthly slip list of payments to be met during the month. One form is made by clipping together three

slips of paper. The top one is about an inch wide and two or three inches long. On it are written near the right margin the headings of the regular monthly payments—for example, Rent, House, Fuel, Service, Telephone. This is clipped to a slip about three inches square. At the top of this is written the date: Sept. 1, 1922. Opposite each heading is the amount that month will call for. On the right are written any special charges due that month, such as Dentist, Fire Insurance. The third slip is about three by five, so that when the three are clipped together it projects two inches below the others, and on this are payments due some time ahead, such as

Oct. 1	Life Insurance
Oct. 15	Hospital pledge
Nov. 20	Interest R. K.

This third slip does not need to be changed monthly, and the top slip only when it grows soiled. If these are put into a letter clip, unpaid bills can be slipped in behind them, and other possible causes of expenditure, such as the appeal to contribute to a relief fund. Obligations that must be met in the near future can thus be easily checked.

Any person keeping accounts will make some variations from the procedure as outlined here, or from any procedure set forth by another person. But this par-

ticular routine is the result of years of experience, and of the experience of many individuals. If it is observed carefully at first, many a pitfall will be avoided, and the practice of it will give judgment as to the adjustment the individual may wish to make. The procedure is certainly not perfect, and any one may hope to improve it, but it is practical and effectual as it stands.

VIII

ON READJUSTING

The subject of readjustment of the items of the budget has already been dealt with incidentally several times, but its importance is sufficient to warrant further study of it. Especially by those who have made a budget for the first time and are conscientious in trying to hold to it, readjustment may be magnified into something of undue importance. In order to put it into its due place, one must consider why it is ever necessary, how often it must be considered, and on what principles it is to be made. Readjustment does not necessarily show poor original planning, but may show intelligent planning from day to day. The income available sets a limit to expenditure; the budget is the plan for the most desirable distribution of this (necessarily) limited amount. What are the circumstances that make necessary a change in the plan?

The first and most difficult to meet is a falling off in the income. This may occur without any fault on the part of an individual—a bank fails, a business concern goes into bankruptcy, a factory is closed, or sold to

those who change the staff, a period of economic depression throws a large number out of employment, a prolonged illness means resigning a position, or at least going without salary or wage for a time, a payment of dividends is "passed," which is a polite way of saying that it is never made. It is obvious that the Savings fund for emergencies is important in such cases, and has kept many a family from serious deprivation. But even where the Savings fund is a generous one, it cannot wisely be used to replace income without some attempt to cut down the expenditure planned when the income seemed secure.

Here it is impossible to be definite as to what a given family should do. Naturally, health must be preserved. It has already been pointed out that the convalescent may wisely spend a considerable amount to regain health, and that this may rightly be considered an investment. Clothing cannot be sacrificed too much for the wage or salary earners, who must be suitably dressed for their work. But undoubtedly poor judgment is used in this matter many times. The current American theory seems to be that it is a help to prosperity to seem to be more prosperous than one is, but such a theory of deceit is apt to have more bad effect on the person living by it than it can have good effect on those whom he hopes to impress. Rent is an item

that often cannot be cut down to any advantage, if the income is to return to normal soon. The cost of moving is usually great, not only in the actual money spent, but in the damage done to one's possessions. The saving necessary can generally be best effected by cutting down a little every item that can be cut. Savings cannot be made during such a period, and the larger the sum that was to be saved, the less must be cut from the other items.

The psychology of the situation is interesting. To be left unexpectedly without an expected income is to most people depressing. "Having a good time" is a natural reaction, and involves for most people the spending of money that certainly ought not to be used at such a time if there is any other way to conquer depression. There is another way; making a game of seeing how little one can spend. Especially to Americans this does not sound like a very amusing game, but the determined cheerfulness and courage of many a woman has led her family to play it with zest. It is the woman—the wife and mother or the sister at the head of the household—who usually has this part to play, and probably the animation and zeal she has imparted to it has led to the accusation that women enjoy petty economies, somewhat contradicting the other accusation that women, having no sense of the value of money, enjoy spending

for its own sake. This particular game, by the way, may be a very enjoyable one in retrospect. When the family is once more normally prosperous, it is great fun to say: "Do you remember how—?" That is, it can be great fun if the family considered it a game at the time. If they did not, they are more apt to wish to forget such disagreeable expedients, and even to be ashamed of them.

The next cause for readjustment is a rise in prices that really lessens the income, by lessening its purchasing power. Such a rise may be general and continuing, as always happens during a period of that destruction we call war, and during a considerable period after the war is over. In such a case there must be a general cutting down everywhere that cutting down is possible. That this can be done was proved in an almost spectacular way during the Great War of 1914-18. In every country families found that despite sharp rises in price they were (at least at first) able to give more to help those in desperate need than they had ever thought they could spare in times when their income was more than double in purchasing power that of the war days. And at least in these United States the savings of the mass of the people increased out of all proportion to any rise in wages or salary or—except for the comparatively small group of the profiteers—in profits. Not only were the enormous amounts of the

Liberty and Victory bond issues raised largely through the subscriptions of those who had never bought a bond before, but the deposits in the savings banks increased heavily at the same time.

True, when the war closed and the people looked for a return of the old conditions, there was a demoralizing relaxation and many people indulged in undue spending. This was followed, naturally, by a reaction in what has been sometimes (inaccurately) called the "buyer's strike," when producers and retailers found themselves unable to get rid of their merchandise except at a money loss. And both the relaxation and the reaction have delayed the return of the normal conditions of peace. All this in miniature can easily happen to an individual family, unless it applies clear thinking to its problems. It is a common story. Father loses his job, and the family rebelliously accepts simpler food, fewer new clothes, cheaper amusements. Then Father gets a new job and the family, with an injured sense of having been long deprived of its rights, buys an automobile or gets a lot of expensive clothes all around. But not the family whose members are trained through budget making to choices that will make for their greatest happiness. The budget does not give high ideals to those who have none, but it does give a chance to every little ideal of any kind to poke its head up and claim its share of attention, and the attention given to them all

is unquestionably greater than they would have received without this chance.

The two causes already dealt with were general: the third cause is particular. Some one item may demand unforeseen expenditure. The rent may be raised before the budget year is over, as happened to uncounted thousands in 1919 and 1920. If the raise in rents is general, as it was at the time named, and because there were not houses or rooms enough to go around, then moving to a lower-priced house or apartment may not be possible. If it is individual, because the desirability of the neighborhood has been enhanced or because a new landlord thinks he can get more from his tenants, then moving may be the wisest way out. That must be studied carefully. But if the increased rent is to be paid, either the income must be increased or other items must be deprived of some of their allowance.

The increase of income is not always out of the question. Perhaps the boys of the family, anxious to stay in a neighborhood they like, can themselves earn the extra amount by Saturday work for the grocer or taking paper routes, or some other of the boy methods of earning a little money. In many places there are similar opportunities open to the girls. But it must be clearly understood, if this solution is adopted, that it is the deliberate choice of the boys or girls who are to earn the extra money, and that the money when earned

does not belong to them but to the landlord. Their pleasure is in continuing in the present home, not in having extra money for ribbons or the movies. And it is hardly necessary to point out that such work cannot be undertaken if in any way it interferes with either health or education. Where it does not, it is a valuable educational aid in itself, teaching the children not only the cost of money in time, energy and intelligence, but also making more clear their own share in the coöperative life of the household.

Other individual emergencies arise, usually a single expense rather than a permanently larger one like increased rent. A dress may be ruined by accident, some expensive piece of household equipment may give out without warning, a storm may ruin the curtains because the windows were left open, the gas company, the electric power company or the telephone company may increase rates, a relative or friend may need money help. Life offers a succession of such happenings to any but an abnormal family. Emergencies are not something to lose one's head over; they are to be expected as part of the game of living, and life is to be suspected if it does not provide them. They come oftenest in matters that money cannot affect—in the clash of temperaments, the need for compromise, the acceptance of some physical or mental limitation, the sacrifice necessary for true coöperation in the community. When

they are emergencies affecting expenditure, they must be met like the rise in Rent, by lessening other items as judiciously as one can.

Minor adjustments can be made without any general consultation, but the larger ones should be discussed as fully as the original apportionment. It cannot be said too often that every one in the family should face the necessity of choice, and help to choose. This will not bring the millennium of contentment as by magic, but it will make progress toward it possible, and the wise administrator of the household can further that progress by her own attitude and her patient reasoning with the impatience so natural to all of us when we cannot have what we want.

The time to make readjustment is as soon as the unforeseen expenditure is seen as inevitable. If only minor causes affect the change in items, it is wise for the administrator to check up at the end of three months or six months, as described in Chapter VI and where she feels it necessary, to call a family conference.

One cause of readjustment remains, the very pleasant one of an unexpected increase in income. What shall be done when that comes? We all know from observation that frequently what is done is to indulge in a very orgy of spending. Under such circumstances the family and perhaps every individual member feels—rather than thinks—that it or he or she should at once

get something long desired. A natural feeling, and one to be gratified if it can be managed. But the difficulty of course is that the family wants a great many more things than that extra money can possibly buy. And probably every member of it old enough to have experience in what can be had in exchange for money could spend all of it on himself or herself alone without any difficulty if selfishness directed the choices. There is only one way to get what everybody wants most—budget the added amount, readjusting the old budget in the combined light of experience and desire.

Yet even though their choice is their right, how can one refrain from a word of warning? There are two items that call imperatively for their share of the increase. Savings and Gifts for the public good are considered first, to be sure that they are increased proportionally before any other item gets a dollar. And for each, but especially for Savings, one can hardly help a special plea. It is so much easier to increase them when the income is increased than to do so by cutting down expenditure under the old income. And they are grateful for every little help. At 4% even an added \$500 will bring in \$20 a year, and if the interest is allowed to accumulate half yearly, in five years the sum will be \$623.09, in ten years, \$740.12. -

If the first impulse of the family is to move to a more expensive home, can they not postpone the move

for a year and tuck away that extra rent in Savings? Unless the family has suffered actual deprivation, has it not been fairly happy in the present home? Why abandon it so hastily? If the house is owned, but is too small for the family needs, cannot the selling of it or the planning of the new ell wait while the family discusses every detail and enjoys to the full the pleasure of planning? If Clothing calls with a loud voice, naming furs and silk stockings and French hats and custom-made shoes, is it not well to figure a little before answering the call? Clothing must have something, by all means, but it is apt to become too greedy.

The consideration of the budget calls for thinking, and the pleasant emotions roused by the new possibilities of more money need not die because the mind gets to work a little. Anticipation is a large part of pleasure. The family gets a lot of fun out of feeling rich for a little while, even if the calm consideration of the actual figures of the budget brings them back to the realization that though their limits have been set a little farther out, they are very decidedly limits still.

IX

THE INCOME BESIDES MONEY

In the budget the income of the family represented by money is all that can be noted, yet the family must never forget that it has other income on which it should reckon. Every member of the family has time, energy, experience and ability. In time every one theoretically has the same amount—twenty-four hours a day—but as each person has a certain amount mortgaged to sleep, eating, dressing, and either education or vocation, the margin of free time left to one individual may differ much from that left to another. And in the use of the margin what would be for one person sheer waste of time may for another prove of great creative value. It is comparatively easy to judge whether a person wastes time on a manual task, though not always so easy to prove how far the task itself is worth doing. It is hard to judge when time spent in preparation for a piece of creative work is well spent. These problems are for the individual concerned. If he or she is to get far, honesty in facing the question is essential.

It is for example easy to criticize the artist who lounges and smokes all day, and once in a while paints

a picture. Perhaps he is really lazy and is making an excuse of the necessity for being "ready" when he puts brush to canvas. Perhaps, on the other hand, he is quite justified, and that is the only way he, with his abilities and temperament, can do his best work. It is easy too to condemn the housewife who is constantly and complacently telling that she is not a slave to her work, and finds plenty of free time to work or play outside her own home, when one knows that her family has hastily prepared meals, with extravagant marketing and perhaps even poor cooking, that her children's clothing shows lack of care in repair and cleaning, that the house is untidy and not overclean, and that the family is always in debt. But it is not so easy to judge of the housewife who, with limited physical strength and so of working time, intelligently omits or neglects some of the household routine that seems to most of us essential in order that she may have time free for what rests her and makes life livable. If people keep out of money debt, and in no way injure themselves or their children morally, it is hard to justify public opinion in condemning them for letting the children go barefoot or having no shades at their windows or eating in the kitchen. If a family has decided what its own values are, it has a right to live according to its own scale—always granting that it has met its own debt to society.

And it is worth noting that the worst failures in any community are oftener those of families who have made every effort to live like their much richer neighbors than of families who have disregarded public opinion in matters (other than morals) that affect social standing.

Time and energy have to be considered together, and used as each family or individual judges best. Ability and experience also go hand in hand, and on them the family or individual should draw freely. Both improve by use, and both make time and energy more fruitful. All four—time, energy, ability, experience—are expressed in an income known to economists as “the labor income.” Every individual does some things for himself that he might get some one else to do. There are a few people who have maids or valets to care for their clothing, dress them and generally relieve them of that “buttoning and unbuttoning” that the Frenchman of the story found so wearing that he killed himself to escape it. But only an imbecile or a helpless invalid does no part of the work for himself. And the overwhelming majority of people not only dress themselves and take care of their own clothing, but count on themselves or some member of their family to clean their clothing, mend it, even make it. All this work is labor income. So is that of the household processes of cleaning, caring for food, cooking, sewing, dish-washing, bed-

making, washing of clothing and house linen, and the thousand minor tasks that claim the attention of every housekeeper.

This labor income of the household routine is contributed chiefly by the woman at the head of the house, often, and especially in large families, with the assistance of the other women of the family. In pioneer days there was a large contribution from the men and boys—the “chores” that are still an important element in country life. Wood to saw and split and to carry to the wood box, water to bring from the well, the cows to milk, the horse to feed, the paths to clear—these are ever-recurring and insistent tasks. As city life or city conditions become established, the wood changes to coal, to be brought from the cellar to the kitchen stove; the furnace is to be cared for, but there is no water to bring, no cow to milk, no horse to feed. Conditions change still more and the kitchen stove uses gas from a pipe or electricity carried on wires, and the apartment is steam heated, from a central plant the householder never sees. Even the “tinkering” necessary in any home—a shelf to put up, a chair to mend, a bucket handle to replace—is often better done by the janitor of the apartment or the handyman of the neighborhood than by the man of the house. The janitor or the handyman has the tools, and a place in which to work, and the facility that comes from practice. And when

the janitor changes in type and no longer does odd jobs, and the handyman who works for a low wage disappears, then the carpenter, the upholsterer and the tinsmith replace them. The money cost is not great—only 25 cents for putting up the shelf, only 50 cents for mending the chair, only 15 cents for mending the handle. But 90 cents of the family income goes to pay these little items, formerly paid by the labor income of the family, and presently these conditions make it possible for the workers—who need and should have more money, to meet the rising costs of living—to charge \$1.80 for the work, and the family wonders where its money goes. Any household task that is given up by the members of it costs money that seems to most of them unjustified. They quite commonly declaim against the “robbery” of those who do what they could so easily do for themselves, and which, incidentally, they would be entirely unwilling to do for others at the price they themselves are asked to pay.

The economic effect of this on the family is bad, since the income is lessened without due return, but there is a moral effect too. Where is the coöperation in this coöperative group? Father and Mother do it all, but even there only too often the coöperation is imperfect. Father is busy all day working hard to earn money to pay the family bills. When he comes home at night he is tired, and he does not want to bother even

to put up a shelf. He works hard enough to pay a carpenter to do that. But far more than this, he does not want to bother with the problems Mother has to face in spending the income or in the education and training of the children. That is all her job: why can't she let him alone, when he is slaving as hard as he knows how to get that weekly pay envelope or that monthly check, or that quarterly share of profits? So Father is aggrieved because he is giving so much and is asked to give more, Mother is aggrieved because the whole responsibility is put upon her and yet she is criticized sometimes for the way she exercises it. And in such a family the children are pretty sure to be aggrieved because they cannot have all they want, and to be peevish if they are asked to help in the household tasks.

The whole situation is wrong. Every member of the family should have its share in the household tasks as soon as it is old enough to help clear or set the table or to empty the wastebasket. Soon the child can help with the dishwashing, make its own bed, help with the cleaning. Later cooking becomes a possibility. In the country life where so much of the work was out of doors and in winter in severe cold, and the boys by their form of clothing could work more easily and yet be duly protected, the general division of outdoor work to the boys and indoor work to the girls was a natural one. But

when the conditions of living sweep away the outdoor tasks, the boys should not be deprived of their privilege in sharing the family work. Bedmaking and dishwashing are not for any fundamental reason "girls' work;" where many are gathered under one roof, as in hotel or institution, that work is quite as frequently done by men as by women.

The child's strength and ability must be taken into consideration, but in the household what he or she likes or wants to do should not rule the division of labor. Every child should want to do his share. It is indeed a desire that shows early in most children. Sometimes it is discouraged by the busy mother who cannot be bothered by such untrained assistants and does not remember that by making matters a little easier for herself now she is not only making them harder in the future, when the trained child would be a real help, but is depriving the child of a very important part of its education.

Only too many times where a paid household employee is employed to do the "housework" the family consider it beneath their dignity to do anything that falls in her province. Why answer the door when the bell rings? Mary is there to do that. To be sure, it may interrupt Mary at a time when the interruption means a loss to the family—a loss of time, of material or of temper and so of peace in the household atmosphere. And the child

who is idling or playing would lose little by running to the door and would gain something in social or business experience. Why help clear the table? That is Mary's job. It would shorten her hours of labor, to be sure—and if the modern industrial basis is adopted, it could free some of her time for more skilled work. But the child would be doing servant's work, which is unthinkable. Why have each child make his or her own bed and care for the bedroom? But to go on is needless. There are thousands of families where the coöperation is effective under any circumstances, because the principle of right family living is established in the minds of the heads of the family. But there are tens of thousands where thoughtlessly the principles are disregarded, and it is these families that are failing to get their due measure of contentment from life.

It is not easy for any one to accept deliberately a decrease in money income. But if Father has to work so hard that he looks on his home only as a place where doing nothing will help him recover from exhaustion, is it not the part of wisdom as well as of affection to consider whether he could find some less exhausting task, where his being able to share the family life would more than compensate for the simpler living made necessary?

Social ambition is probably Mother's chief temptation to over-spending of her non-money assets, as well as to over-spending in dollars and cents. In former

days many a woman wore herself out keeping up a reputation as a "good housekeeper." She scrubbed and washed and sewed and crocheted and embroidered and cooked and polished until her tired nerves made her irritable and utterly unable to deal judiciously with the problems of discipline and education that were of fundamental importance to her children. Nowadays the stress has changed a little. Less time to scrubbing and polishing, more to the making of clothing that looks like that of a Fifth Avenue shop—or as near it as one can get—the elaborate decoration of the house, the complications of fancy cookery for the entertainment of one's social group. But the result is the same. When Mother has not time to hear all about Janet's quarrel with Edith; or Tommy's fight over the marbles when Jack and Ted tried to cheat him, or to listen to David's tearful and confused tale of how the teacher didn't understand about his 'rithmetic—if she has not time to listen and to reason patiently, to explain and to bring out the ethics of these situations, then the family life is badly planned.

Money buys a good deal, and we all need it much and want it more. But money cannot buy the spiritual or the mental—the things most worth while in life. We all know it, we all repeat it glibly, but we are all at times led to forget it in our practice. The principle of the budget—the plan, the facing definitely at a given

time what one can do and what one wants to do— is as valuable regarding the income that cannot be expressed in dollars and cents as it is in that income recorded on the Budget card.

X

CONSERVING AS AN ASSET

The careful use of the things that money can buy can hardly be classed under labor income, though sometimes it means an expenditure of labor. In discussing the Clothing budget the question of the care of clothing has been considered, and the fact pointed out that proper care makes the money invested in Clothing stretch much farther than where careless treatment destroys or deteriorates the wardrobe. What has been said on that subject is true in principle everywhere. Little repairs made as soon as they occur make big repairs unnecessary. A household where there is no waste whatever and no careless use is so rare that few have ever seen one, yet curiously many of those who seem to onlookers most wasteful pride themselves on the fact that they never waste anything!

The first waste, chronologically, is in buying too much. If the house or apartment is too large—a condition more common twenty years ago than now—money is wasted in the maintenance, care and repair of unneeded space. If the wardrobe is unnecessarily full,

there is the double waste of discarding while still good what has gone hopelessly out of style and of the deterioration of articles lying unused in drawers or hanging in closets. Rubber overshoes and the rubber on sport shoes deteriorate until the shoes are useless, if they are left standing for several years, even if they are never worn. The silk of even an expensive umbrella may crack along the seams when it is left carefully guarded in the corner of the closet, as too good for ordinary use, and many a sad surprise has lain in wait for the young woman who carefully reserved a pair of silk stockings for several years, brought them out for a great occasion, and had them go to pieces when she tried to put them on. Pure well-woven silk does not deteriorate, as those who still have their great-grandmother's heavy silk gowns can testify, but few silks to-day are safe to test in this way, and the amateur finds it hard to make sure of quality, especially when the silk is bought already made up. Good cotton and linen will not lose their strength of thread, but if they lie long they will grow yellow, and labor has to be used to whiten them again. Wool has its special danger from moths. The annual money loss in this country from destruction by moths has never been and can never be calculated, but every year in thousands of households such loss occurs. This is not always due to carelessness, but often to lack of knowledge. The garment

properly cleaned before it is put away and properly protected is safe from moths and other insects. It takes care and thought to accomplish this, but the money saved is income to the family. Where it is difficult to clean and store properly at home a heavy article like a fur coat or an ulster, it is the part of wisdom to pay for having it stored by experts. Such payment is a form of insurance.

The household equipment requires the same care. If the furniture is kept well-cleaned, and small repairs are made as soon as their need is seen, the life of the furniture is greatly prolonged. Polished wood surfaces do not need the expensive process of refinishing often if they are kept in condition by careful use and the cleaning and polishing that is done at home. Upholstered chairs and sofas can be cleaned at home if the dust is not allowed to accumulate too long. The handy-box that is part of the equipment of any careful family has a few gimp tacks, and when the gimp on the chair tears loose for an inch or two, it is at once tacked back into place, the needle mending any tears in the gimp. If the loose gimp is left, very soon there will be a longer strip torn, and the gimp may be beyond mending. Then not only must one spend money for new gimp, but time and energy in finding gimp to match, or suitable new gimp for the whole chair. If a rug is torn, or begins to wear, skilful darning may

make it as good as new when continued wear without mending means soon discarding the rug. Repairs cannot always be made at home, of course. In the case of an Oriental rug, for example, a worn spot needs the expert. But if the rug is repaired as soon as the worn spot appears, or as soon as the edge begins to ravel, it can be made as strong as new. The skill of a good Oriental rug mender is something to envy. A beautiful piece of china or glass may when broken warrant riveting, and this cannot be done at home. To be sure, in America one rarely sees a riveted piece in use, a common enough sight on European tables. Their point of view is that the utility of the piece is in no way injured and its beauty, although impaired, not destroyed. Our point of view only too often is that if the piece cannot be mended so that it will look like new, it is good only for the ash heap or can.

The United States Department of Agriculture through its Bureau of Home Economics publishes much valuable information about the best methods of care and repair of equipment and clothing. Their small pamphlets are sold at a nominal cost. They give the result of experiments conducted in a way practical for the household, and a postal card to the U. S. Superintendent of Documents, Washington, D. C., will bring a price list of them.

Kitchen utensils offer a great temptation to most

housekeepers. It is so pleasant to have attractive ones, fresh and shining, and as many as one wants. Yet very often tin utensils are used so little, or dried so carelessly, that they rust and become useless before they have begun to justify their purchase. Steel or iron is either eaten into by rust or requires a high labor cost to keep it clean. There are some utensils well worth having that can be used for a single purpose and that not a daily one—the bread mixer, for example, or the food chopper. But in selecting others it is well to consider their possibilities of varied use. A glass bread pan can be used for a cake, any scalloped dish or any baked pudding just as well as for bread, whereas the tin bread pan can be used only for bread and cake. It is certainly economy of labor to have good tools in the kitchen, and enough of them, but it is not economy of money or labor income to have too many tools, so that those little used either lessen in value or use time and energy to keep them in condition. Most housewives would be surprised, and disagreeably, if they knew the total of the expenditure represented in their kitchen equipment, including what is hidden away in cupboard or store-room or cellar or attic. To inventory it and find this sum may be a waste of time, but the current account card of Care of House-Furnishings should be watched closely. And it is not at all a bad idea to overhaul the whole equipment once a year, setting aside

that not really used to be given to less fortunate neighbors or sold to the junk man.

Household linen is another of the temptations of the housekeeper. There is no pleasanter sight to her than piles of snowy sheets and pillowcases on her shelves, and piles of damask napkins and tablecloths, or of exquisite centerpieces and doilies, in her drawers. Yet the initial cost of these is often considerable. If she has in her linen closets and drawers \$10 worth more than she needs (even in an emergency) of bed linen, and \$15 worth more than she needs in table linen, that is not serious, but yet it is deducting from the family income at least 50 cents a year (4% interest on \$25) and that 50 cents might give greater satisfaction in some other form.

A special method of conservation of table linen is the use for part of the time of a less expensive kind than the family uses as a general thing. Linen damask napkins and tablecloths are expensive not only in first purchase, but in the cost of laundering, since their beauty is brought out only by long slow ironing. If the family has used them for all three meals, will they not be content to use them for dinner only, and at the other two meals to use doilies or runners instead of the tablecloth? Napkins of Japanese toweling (to be had in many good patterns in blue and white), of cotton crêpe or of unbleached muslin, with the rolled hem

whipped in color and perhaps a decoration in cross-stitch, are very cheap compared to damask. The doilies or runners can be of similar material, or of other simple kinds. The expense of laundering them is slight compared to the damask, and the table can be most attractive with doilies. The doily sets made of an oil-cloth stenciled in gay color are money-saving and labor-saving. If there is a summer outdoor dining porch they are particularly appropriate there, but indoors they are by no means undesirable for breakfast and informal meals. The use of any of these may add temporarily to the amount of table equipment to be cared for, but will lengthen the life of the expensive damask enough to justify that.

The specific instances given are only examples chosen as obvious among a multitude. There is many a detail of family living that is taken for granted which, if examined by this family or that family, would fail to prove its share against other claims on the money or the time it costs. If the family is sure the cost is justified, well and good. Undoubtedly there are families to whom the use of good damask at every meal is worth more than a few new records for the Victrola or a little more money to give to the Hospital fund or—whatever the choice may be. But there are comparatively few families with large enough incomes to do all these things and yet not leave the others undone.

So far the argument has been on the selfish basis of getting what the family wants most in return for its expenditure, but there is another consideration that should not be ignored. Everything that is grown and gathered or made has cost human labor, some part of a human life. That the labor should be adequately paid in money that can be translated into good living conditions should be our concern just so far as we individually can affect it anywhere. But even though the laborer received his just share of the money return, that does not justify destroying the product of his hands, his work, his living, by careless or destructive ways. There are still people who tell you it is "good for trade" that those who have money should spend wastefully, but no modern economist would for a moment accept that doctrine. There is enough really useful work to be done to occupy all the workers in the world for a reasonable number of working hours, and to pay them a wage enabling them to live in comfort. If our system of distribution is as yet so defective that some of the workers can find no work, others are badly overworked, some useful things are not produced in sufficient amounts, and useless and wasteful production still goes on, then we must learn how to reorganize our system. To waste any part of the labor already expended may help an individual or two somewhere, but

harms society as a whole, and so in the end each member of it.

To many brought up to the more lavish spending of to-day the horror of waste that our grandfathers and grandmothers felt, and which still lives in some of their descendants, seems a laughable petty economy, an evidence that they did not know how to get all the fun out of life. But really back of that horror of waste lay the consciousness of what the thing had cost, not only in money but also in human toil. When they cared for a coat or a gown, darned the tears, made it last, back of their care lay the memory of how much time and labor it had taken to care for the sheep, shear them, clean and card the wool, spin the thread, dye it and weave the cloth. They had seen all this as part of their home life. Grandson or granddaughter has not these processes as part of the common memory of childhood, and thinks of the cost of the cloth as the money paid over the counter. But the cloth still cost the toil of the shepherd, the carter, the cleaner and the carder, the dyer and the weaver, even though machines helped most of them, and in addition it has cost its share of the overhead of the factory, of the work of the railroad employees, of the truck driver, of the pay of the wholesaler, the jobber and the retailer. It needs more imagination than it did once to visualize all this and to

realize it as a factor in one's life, but imagination is a gift the fairies give to every child, to be fostered and trained by those who see its importance. "Waste not, want not" is as practical a lesson to teach the next generation as it was for the generation of our grandfathers or great-grandfathers. So is: "What you are using cost something in human labor—human life."

XI

ON INVENTORIES

To make a complete and accurate inventory of the property of a family is not an easy task and is one that consumes an amount of time that few will care to assign to it. To run the household on a real business basis not only should there be such an inventory, but at least yearly it should be revised, the proper depreciation charges deducted, and the money value of the total thus be brought up to date. But those who keep the real purpose of household accounting in mind will not think such a task a necessary one. There are some to whom it would be interesting and amusing enough to justify them in doing it, but they are not many. Those who have had occasion to inquire the cost of such an inventory, made by the individuals or firms who do such work for those who wish it as supplementary to their fire insurance, are probably amazed and perhaps disgusted at the price charged. But if they once try to do the task for themselves with equal care, even with their advantage of knowledge as to original cost, they will generally speedily decide that the price is reasonable. It is, in colloquial phrase, a pernickety job.

Yet it is quite evident that one is in far better position to collect insurance in case of fire if some list exists. The inventory for this purpose need not, however, be complete. A list of the most expensive items of household furnishing and equipment, with a lump sum to represent the small items of each type, is generally sufficient. If the Clothing inventory suggested in Chapter IV has been made once, it gives a good basis for judgment on Clothing. Any valuable articles of jewelry or such expensive items as furs should be listed separately.

Such a list is most conveniently kept on loose leaves fastened into a cover, under such general heads as:

China, Glass, Silver
Clothing
Floor Coverings
Furniture
Kitchen equipment
Household linen
Pictures and Ornaments
Miscellaneous

For here, at last, one may safely indulge in a "Miscellaneous" heading, to save the wear and tear on the mind of trying to decide whether a Victrola is Furniture or whether an umbrella stand is an Ornament.

The only practical way to make the inventory is for two people to work at it, one calling off the items and

the other writing them down on large sheets in pencil, to be copied later into the book. The division under Floor coverings, Furniture, Pictures and Ornaments, will naturally be by rooms, but the description should be definite enough so that if the piece of furniture is moved it will still be identified. "Six dining-room chairs" is accurate enough, but under Sitting-room to write "two side-chairs" is not. It should be "two mahogany side-chairs, cane seat" or "two oak side-chairs, blue covering." As the inventory is taken, it is well to write down the cost when that comes to mind, and the date or approximate date of the entrance of that item into the family life. All this information is interesting and sometimes it proves valuable.

When the inventory is complete for the important items of each room, the general value of minor items should be noted, under the proper heading. "Miscellaneous" must of course always be itemized.

The next step is to fill in on the rough sheets the column of original cost of each article. This must often be a matter of judgment, sometimes one of guess, but a value must be set on each piece. It is of course possible to set down the present value rather than the original cost, but this is more difficult and time-consuming. Shall the value in that case be the original cost plus a general depreciation charge, which in theory at least reduces the value to zero when the article has

degenerated to the discarding point, or shall it be the sale value? In the latter case the basis is difficult to choose, since at a forced sale, say to the secondhand man, the sale value is much less than that of a sale made under no compulsion to some housekeeper who wants or needs the article. It seems a useless waste of time to exercise individual judgment on such problems. Calculating the value of each piece as original cost minus depreciation can be done with a greater degree of accuracy, but is time consuming. The total of original costs can be turned into an estimate of present value by deducting from it a general depreciation charge of say 25%, where there is considerable furniture whose value increases rather than decreases with age, or 50% where none of the furniture is of this type. Such general judgments are just as likely to approach that of the expert as are those more carefully calculated.

In inventorying books it is not necessary to do so individually. They can be grouped as "76 novels, 13 volumes of poetry, 22 volumes of biography" and the like, with an average value assigned, and only books of high cost of value listed separately.

The store-room and the attic are usually "lumped" in such an inventory, but the occasion of taking it might well be the one to look through the heterogeneous collections of such places and to discard some of the useless or worthless things. Sometimes there are things of

value that should be listed. Trunks, for example, may make a goodly sum total.

In some states the insurer, to receive full value in case of loss, is required to take out insurance of at least 80% of the value of the things insured. The fire insurance agent explains all such details, but many insurers listen so carelessly that they are surprised disagreeably when the occasion comes to collect after damage by fire.

The inventory once made needs a yearly revision. This can usually be made well enough by one person, who takes the inventory book about and annotates any changes in pencil, noting additions on a separate sheet. If these changes are made in green ink for one year, red ink for another, starred for another, the sheets need be rewritten only at long intervals. To keep such an inventory in duplicate uses more time, but of course one copy must be left in a secure place—preferably a safe or a safety deposit box—outside the house. If the house should burn or be damaged by fire and the list destroyed, the purpose of the list is defeated.

XII

THE INDIVIDUAL BUDGET

The principles of budget-making do not change, whether the budget is for a family or an individual, yet the balance of items is frequently quite different, and the individual deserves a few words. The young man or the young woman who for the moment is free of financial responsibility for any other person has nevertheless the probable prospect of family responsibility in the future, and needs preparation for this on the money side as well as in other ways. It is easy and tempting to spend all the money available on having a "grand good time" while one is young and has the physical vigor and mental zest to enable one to enjoy it to the full. Certainly young manhood, young womanhood, is the time to enjoy certain kinds of pleasure, to be care-free and full of the joy of living.

But to think about it a bit and decide deliberately how much one is willing to pay for all this need cause no clouding over of the spirit of joy. To exercise judgment as to what one really wants of life as a whole is not a saddening exercise. The pleasure of the moment tastes sweet, but there is very enjoyable savor in the

pleasure of planning and directing one's own choices.

If the young man or young woman grows to middle age without assuming family responsibilities, the need to provide for the later period of life looms large. The self-supporting must look out for their own future. They have an obligation to themselves in their years of lessened or vanished earning power, and the consciousness of this grows with the passing years. The earlier some provision is made for this, the less has to be set aside each year, but those who have postponed such provision until middle life should not be discouraged from the effort to repair the negligence now. In Chapter XV there is a discussion of the types of saving best for different types of future need.

One may, of course, be free of full family obligation and still have responsibilities—to parents who need financial aid, to the education of younger brother or sister, to nieces and nephews, to decrepit or helpless relatives in any degree. Usually these obligations can be met by definite money payments, made with regularity in the interests of both receiver and giver. This is the easiest way to meet such obligations, hard as it may sometimes be to see the money go month after month, year after year, leaving the earner with many desires ungratified. Where the obligation includes living with the person or persons involved, the problem becomes that of a family, although not necessarily one

that has all the needs described for the average or normal family group.

Those individuals who have none of these family or friendly obligations lose much in losing their feeling of being an essential part of a coöperative group. Sometimes they make up for this in part by assuming a more general obligation in some form of community work, such as an orphanage, a hospital, a neighborhood house or some form of church work. The middle aged or elderly man or woman who lives and works and spends for self alone is hardly a happy person.

Except for the few individuals who maintain homes, in the individual budget Rent and Food do not usually bulk so large as they do in the family budget. Clothing, on the other hand, usually calls for a larger proportion, since the household cleaning, repair or making of clothing is not often possible. Recreation and Entertainment ordinarily take more, since less costly pleasures of amusement and hospitality in the home must be replaced by more paid amusements and entertainments at costlier meals. Even the pleasure of reading increases in cost, since the book or magazine is bought for one, and the cost cannot be divided into the family cost. Fuel and Light vanish as items if one does not maintain home or apartment, and Service lessens or disappears. But these are all minor matters, easy for the individual to decide.

Accounts are simpler to keep, since both headings and items are surer. They are equally necessary, since the detached individual is tempted even more than the member of a family to the scattering about of many dollars in nickels, dimes and quarters.

The man or woman who lives apart from a family that on some basis is a real family to him or her is often socially-minded and does not grow selfish even when there is no concrete call to consider others. But, the conditions are not favorable, and to avoid deterioration one must seek to find antidotes to the subtle poisons of considering one's own comfort and ease alone, whether the comfort be physical, the ease mental, or either be spiritual. The lone man or woman is handicapped in the race to the finest development of personality. The budget is a help in recognizing and overcoming this handicap.

XIII

TRAINING THE CHILDREN

Thus far in this book the question of the children's share in the making and carrying out of the budget has been dealt with, in one aspect or another, more than once. But it is not enough training for these apprentices to teach them judgment through a part in making the family choices, to train them in the earning of a labor income, or to give them the chance to pay with some of their time and energy for something they want. All these things are fundamental, but they need to be supplemented by the definite training of making a budget and keeping accounts within the child's scope and as a responsibility. This is possible only if the child has a fixed money income, paid in sums and at intervals known in advance. The "allowance," this is called. If the word means the amount of the family income that is allowed the individual for certain purposes of his own, and over which he has full right, the term is a good one. If there is a connotation of favor in the term, so that the child or the family feels that his "allowance" is an indulgence, the term is unfortunate.

It is not enough to say that for the training of the child in spending, as an educational measure, he should have a definite sum for whose spending he alone is responsible. As a member of the family he has a right to that responsibility, and he does not share the family life fully unless he has it. And this sum is not payment for anything he does in the household routine. To pay Jack 10 cents a week for keeping the walks clean, or Mary 10 cents a week for clearing the table, introduces as false an idea into the family life as when Mother is paid for her services. In a coöperative group each receives, not what he earns, but the share to which he is entitled by his needs. Children are not "given" their main expenses by Father and Mother only to "earn" an allowance. The family income, in time and in labor, belongs to the family as a whole and is divided by them to the best advantage of the group as a whole and of each individual in it. It cannot be said too strongly that teaching children the value or the method of obtaining money by paying them for any part of their share in the family life is bad education and bad ethics.

Granted, however, that the allowance is made as part of each child's share in the living, when and under what conditions should it be given? To answer the first half of the question, each child should certainly have an allowance as soon as he can do the simple figur-

ing necessary to make a plan and keep accounts. With many children it is advisable to begin before this, but only when the child understands that the money is not a casual indulgence, but a definite income. The age at which the child should have an allowance must depend on the individual child, and that child's stage of development must be considered at every point. There is danger that enthusiasm for training the child by giving him responsibility may lead to asking him to take too much, and to putting an unfair strain on his undeveloped judgment. The problem is that of right adjustment to his powers, as is every educational problem in some degree.

The allowance should be given the child weekly, and on a regular day. Sunday afternoon or evening is in most families a good time for the distribution, and for the questions that may come up. And the child old enough to keep accounts should be required to do so, and to balance them. From time to time Mother or Father should call for the account, and they should expect it to be ready at any time. Accounts hastily written up for inspection are a temptation to carelessness and even deceit. The inspection should be for the method of keeping accounts, not for the way the money was used. If money is used unwisely, as the parents see it, any exhortation regarding this must depend on the character and general training of the child.

Such exhortation should be avoided unless it is very important. It is of little disciplinary value to the child to give him responsibility and then to interfere in his exercise of it. And parents will do well to remember how easy it is to criticize the judgment of others in the use of money, how hard it is to be confident of one's own. But the inspection of method cannot be omitted, as unless with the exceptional child slipshod ways will be the result if the child is left to his own devices.

The third point in importance, after those of the regular fixed income and the inspected account, is definiteness regarding what the money is to cover. It should never be for amusement—candy, movies, what-not—alone. For those who have church connections, the Sunday School penny is a frequent part of the plan, and a good one, but should be led up to until it is the choice of the child, not the order of the elder. “You are old enough now to have a little income of your own, so every week you are to have your share. Ten cents a week, that is going to be more than \$5 in the year. Every Sunday afternoon I am going to give you the ten cents, and I will show you about how to keep track of it. But first you want to plan a little, as we all do about our money, don't you? Do you want to spend all the ten cents on yourself?” and so on. That sounds a little like Rollo, but a real give-and-take con-

versation of this kind is hard to reproduce, since mothers and fathers and children are all different. But surely the child should be expected to make a plan and should be led, not forced, to plan to give some for the general good and some in presents to those he loves. The impulse toward both is so strong in most children that the process is a simple one. The occasional child who does not want to give anything to anybody needs training as early as possible. It might even be advisable in an extreme case to make his allowance smaller than that of his brother or sister, on the ground that his needs are fewer, since he has not the desire to share with others that they must meet.

As rapidly as possible the income should be increased and the responsibilities along with it. The increase should not be on the ground of age, except as an added year makes the child more able to exercise judgment and meet responsibility. It should be quite clear to Dorothy, who has 15 cents a week at ten, that the reason Betty has 25 cents at twelve is not because she is two years older, but because she has good enough judgment to buy all her own hair ribbons, which come out of the seemingly princely weekly allowance.

The allowance and the responsibility should be increased as fast as is advisable with each child until in late adolescence the money is enough to cover all the clothing expenditure and minor personal expenses like

stamps and stationery, as well as gifts. One girl of twelve may be able to handle this whole allowance, while another of seventeen may be trusted with it only under rather strict conditions. Of course Mother or Father makes it a condition that the clothing shall protect health, and equally of course shops with the young buyer to give him or her the benefit of greater experience in judging materials and values. Equally of course Father and Mother are constantly tempted to influence decision when the young shopper makes mistakes in judgment, and often they may be justified, but they should count ten before they speak and be sure that they are not interfering with the right course of the child's education. No one can learn good judgment without the experience of making mistakes and suffering by them. This generation has forgotten dear old Miss Edgeworth and her *Moral Tales*, but they were wonderfully good tales at that. *Rosamond and the Purple Jar* is a story of wise parents, who let their little girl waste her money by buying the glass jar of dull looking paste that had shone so alluringly purple in the chemist's window, with the strong light behind it. They explained to her that she might have it instead of the new boots she needed, but that she could not have both, and tried to make her see the consequences of her decision. But when she made the foolish one they did not save her from the humiliation of wear-

ing boots with holes, or allow her to injure her health by going out in bad weather with such poor protection.

Their wisdom must be the rule for the parents of to-day if the children are not to be cheated. Many a so-called indulgent father or mother grants an "allowance" to son or daughter either without making clear what must be bought out of it or with the secret intention of buying themselves for the child what the allowance does not cover. Where then is the education as to the limit of expenditure? If teasing Father or weeping for Mother or pouting and refusing an invitation can get a new dress when daughter has spent all her allowance, why should she plan carefully how she is to spend that all too limited sum? If complaining because all the other boys have new fishing rods, or being glum and disagreeable with Mother because he hasn't had a new necktie this season, or confiding to Father that women don't understand a boy, or know what he wants—if all these bring the needed rod or necktie or additional money for fun, why need son think twice before he spends? All this does not mean that Christmas or birthday may not bring a gift of some needed luxury, but it is a gift instead of some other gift, not a surreptitious addition to the allowance, and even such gifts should be made with care.

Sometimes there is a devoted uncle or aunt or grandmother or friend who is entirely unsympathetic with

this training, who holds that young people should be free of responsibility and should have what they want so far as they can secure it, and who adds to the allowance by gifts of money or clothing. There is no relief in such a case but to talk the whole matter over with the recipient and decide together on the right way to deal with this addition.

When children are sent away to school, the allowance is of as great if not greater importance than it is at home. It is literally demoralizing for the school-boy or schoolgirl thrown with many others who are spending money in many ways to be uncertain as to the amount he or she can have to spend during the year. To ask for money, to coax, to wheedle—it is all unfair. Many schools limit the spending money of all students to one sum, but it is hardly possible to do that for an allowance that covers clothing. And many a head of such a school has been rebuffed decidedly when he or she has asked that a definite allowance be made to cover all expenses. “My son—my daughter—is too young to handle so large a sum of money. I am astonished that you suggest it.” Yet not too young to spend it, or to try to get more from the bottomless well—in their conception of it if not in cash—of Father’s wealth.

There is a possible compromise on the clothing side where the parents are unwilling to give over the money to the child. The latter can be told the amount that is

available for the year, keep strict account of all that is spent and make the choices, while Father or Mother pays the bills. Or if not all the choices, some of them. The parent reluctant to begin this is often converted to greater generosity in allowing choice by the seriousness with which the child takes the matter and the good judgment he or she shows in fitting the thing bought to needs or desires.

It is not at all unreasonable to require approval of the child's budget by father or mother or both before the budget can be put into effect, and to require explanation when the yearly expenditure shows a serious deviation from the budget. This can be done without any real interference, and is often a great help to the novice, since experience has taught the parents what he or she has yet to learn.

Every child who has a large enough allowance to warrant it, as will be the case when the clothing account is of several hundred dollars, should have a checking bank account, into which the allowance is paid and on which he or she draws. It is only just that if the bank requires a minimum deposit of \$100 or \$200, this amount should be supplied from the family income (and counted each year in the cash on hand); otherwise the child could not use the allowance to the full, which should be possible.

As the children grow to young manhood and woman-

hood and begin full-time work as wage or salary earners while still living in their own home, the allowance lessens or ceases. The amount earned at first is usually not enough to enable the young worker to pay into the common treasury what from a commercial point of view is his share of the cost of the household. But he or she contributes according to his ability. To continue the allowance and accept part of the earned income of the young worker is perhaps absurd from a business point of view, but from that of the family as a coöperative group is a sensible one. When the young man or woman is at last in a financial position to bear a full share in the family expenditure, the thrill of satisfaction is not confined to any one member of the family.

Back of any such method of dealing with the problem as is suggested here lies the expectation that the child when grown to manhood or womanhood will be self-supporting. In many families the plan of father and mother is to "leave the children well provided for," which means to leave them money enough to produce an income on which they can live. Most parents, however, as a matter of necessity bring their children up to earn their own living. And thousands who might make money provision for their children for the sake of the children themselves and for the sake of society at large bring them up to become self-supporting just as

definitely as if a small family income made this necessary. This has always been true in America as regards the boys, and is increasingly becoming true for the girls also. There are still, however, thousands of girls who are handicapped by the social attitude that makes the parents—and often the girls themselves—fear that they will destroy something fine in the girl if they make her useful enough in any occupation (other than homemaking) so that she can be worth a money wage large enough to support her. Training for self-support is unquestionably a heritage of greater value than any amount of money. It not only gives something that cannot be taken away or lost without the fault of the owner, as money may be, but in giving this makes the member of the younger generation a full sharer in his social heritage.

XIV

USING BANKS

There are three kinds of banking institutions commonly used. In one kind all the money deposited is available at any moment through a check or checks drawn against the account. In large cities such banks now very generally require a standing deposit of \$100 or \$200, and if this is drawn on they charge for carrying the account, usually \$1 a month. The banks in smaller places rarely make this requirement. But in either, any or all of the money may be drawn at any time without warning.

The second type is the Trust Company, which receives money and holds it at the call of the depositor (on check) like the first type of bank, but pays a low monthly interest (not often more than 2%) on the deposit if this reaches some minimum, which may be as low as \$100. In other words, if a man's balance in that bank has not fallen below \$400 during a given month, at the end of that month (at 2%) .67 interest will be added to the account. The money advantage of such an arrangement in many cases is more evident when one remembers that the \$200 minimum of the large bank means a

loss of \$8 a year interest that a savings bank deposit of that amount would bring.

The savings bank is the third type, for deposits that are not subject to withdrawal by check. The depositor has no checks and can get money from his account only by presenting at the bank the slip receipt that it requires. Savings banks may by law require thirty days notice of withdrawal of deposits, but this right is rarely exercised. The bank pays interest—from 3% to 4%, according to the bank—on all money that has been in the bank six months at the time of the payment of semi-annual interest.

For those whose income is very irregular, the savings bank is almost indispensable. Workers in seasonal trades, where there is employment for some weeks, no work for a similar period, and a repetition of this process through the year, can deposit regularly weekly when the pay is coming in, and withdraw a regular amount weekly when there is no pay. In this way the small account—or any part of it carried for the half-year period of the bank—is drawing interest, and when the need is desperate, the account can be entirely closed, and all the money used, without any loss to the depositor. This method of providing for periods of unemployment is unquestionably the safest, and careful calculation will add to the account regularly during periods of earning enough to keep the worker or the family in the

non-earning periods. If such provision is not made, it is hard to resist the temptation to have a little fling while the money is coming in and be left with too little to pay for food and rent when the wages stop. Many families depending on commissions irregularly paid, or even on stories or pictures sold at intervals, would do well to adopt this method.

There are great advantages in having a checking account, on any income large enough to allow it. This should be carried in addition to the savings bank account when the income, even if irregular, is large enough to warrant it. How large that is must depend on whether the bank requires the \$200 or \$300 minimum, whether marketing of all kinds is done under conditions that make checks useful or desirable, and other personal conditions. The check returned to the bank and then to the depositor is the best of receipts, and it is the growing habit of large retail business houses to return no other receipt unless especially requested. This is a considerable saving in postage, in envelopes and in labor for such a concern as a large department store, and such a saving means a lessened overhead cost, and is eventually an advantage to the customer. Checks are easy to handle and to file, being of uniform size, and occupy little room. Wherever money must be sent by mail, they provide a safe and easy way of sending. The security and the economy

of time and labor that a checking account gives are usually well worth the cost of carrying one. But although this cost does not appear on the expense card it should not be forgotten. If the bank requires a minimum of \$200 the cost of carrying the account may be calculated as 4% on \$200, (which one could get from a savings bank and still have the cash easily available); that is, \$8 a year. On the other hand, there is a credit advantage in carrying the checking account, as payment by check is preferred by any firm carrying weekly or monthly charge accounts, and the possession of a bank account gives a certain financial standing to the individual. Whether the cost is worth the advantages in a given case is a question to be decided by the family or individual. Yet there are few who having once established a checking bank account are willing to give it up.

Savings Bank Account. The depositor receives a bank-book, in which all deposits and withdrawals are entered. To deposit money he fills out a regular slip provided by the bank and presents this at the proper window of the bank, with his book. He need not go in person, but may send some one else with book and slip or send both by registered mail. The latter is often necessary when the bank is in another town. The bank official (teller) retains the slip and writes the deposit in the bank-book, returning this to the customer. To withdraw money a slip is also provided, and must be pre-

sented with the book in the same way. Money can be withdrawn by mail, as it is deposited, the bank in that case sending the amount in a check or draft.

Interest on savings bank accounts is credited semi-yearly, and entered in the depositor's bank-book when he leaves it for the purpose. January 1 and July 1 are the usual dates on which to credit this. This should be remembered in making out income tax returns, as the interest credited must be reported as income, and it is credited to the depositor on the bank ledgers as soon as it is payable.

Checking Accounts. To open an account the prospective depositor calls at the bank, accompanied by some one known at the bank or by a letter of introduction from another bank. If the latter is made as "introducing John M. Jones, whose signature is written below" and Mr. Jones writes his name at the bottom of the sheet before presenting the letter, the introduction is satisfactory identification. But the bank must be sure that the individual is what he represents himself to be, and to be offended by a request for proof of identity as if the matter were a personal one, is a mark of inexperience and misapplied sensitiveness.

The depositor should come with money enough in cash or checks to open the account. He is asked to write his signature once or more on the bank's records, with which they can at any time compare the signature on a

check, and the form of signature chosen—name in full or middle name or names by initial only—should be used on all checks. He is then supplied with deposit slips and a check-book and in most cases with a bank-book, in which is written the date and amount of his deposit, and is given any information necessary as to the rules and procedure of this particular bank.

The bank has several forms of check-book, with one, three, or more checks to the page, and often the smallest are furnished in a folding case, to make them more compact for pocket or hand-bag. Usually a woman and frequently a man thinks the one-check-to-a-page variety the best to choose, since it is less bulky, but the three-check-to-a-page is the most practical for ordinary family or individual use. The bookkeeping side is simpler, as the addition of the amounts of three checks and the deduction of this total from the total deposit is a little shorter and a little less liable to error than the deduction of each check total separately and the continual carrying forward of the balance. The book is also easier to handle in checking up an account or looking back to verify a payment. Bulk is not of importance, as one does not ordinarily carry a check-book about, but keeps it on or in one's home desk, where accounts are also kept. If checks may be needed away from home or in traveling, it is easy to tear a few from the book (taking care that they are numbered) and when each

is filled out, to make a note of number, date, amount and payee to be transferred later to the check-book stub. The check is an order on the bank, in this form for convenience, but any written order to the bank will be accepted. The bank has on its desks for customers "counter checks" for the convenience of those who wish to pay or draw money and have forgotten their own checks. The danger of using these or an order in the form of a letter is that one may forget to enter them. Note must be made at the time and when the check-book is obtainable, they must be entered in the margin in the proper chronological order and numbered—with a supplementary "a" (103a) if the numbering is already on the stubs.

The checks are to be consecutively numbered. There are usually fewer mistakes if numbers are written ahead in fifties or hundreds or through the book, rather than one by one as the checks are written. The stubs are numbered to correspond with the checks. This numbering is not essential to the banking transaction, but is a time-saver in checking the account, as will be seen later. It is also more business-like and enables one to refer to a check by number in a convenient way. In order to avoid long numbers, a new series must be started from time to time. An excellent rule is to start each year with fresh numbering. Check 24 is then 24 of 1920, or 24 of 1922, easily identified and looked up.

In the column allowed for Deposits the sum on hand should be at the top of the column, and it is more convenient to enter deposits made while the page is in use directly under the top figures. There is a column at the left for the date of the deposit.

In writing a check accuracy and clearness are of first importance. The handwriting should be the most legible the writer can attain. The date, amount in figures, name of payee and amount written out should all be so written that there is no mistake. If there is a household typewriter, the monthly checks can be made out at one time on this, leaving only the signature to be written. The name of the payee should be full enough for certain identification; *Mary L. Anderson* is better than *M. L. Anderson* or *Mary Anderson*, even though the check is collectible under any of the three forms. Even *Mrs. John Q. Anderson* is collectible, but it is not a business way of making a check. Mrs., Miss or Mr. have no proper place on such a document. They are courtesy titles, for social use. A slight variation in spelling—Andersen for Anderson, Marie for Mary—may not prevent the payment, but such variations, if evidence of general slipshod ways, may some day lead to serious consequences.

The amount should be so written that the check cannot be raised—that is, the amount made more by the addition of a word and figures. To do this, begin

writing at the extreme left. This space cannot be properly filled by a line drawn by the pen. The courts have held that in case such a check is altered there is "contributory negligence" on the part of the person who so wrote it. When the whole sum is easily written in full, that should be done, but the dollars written out and the fraction at the end are sufficient if connected by a line. For example:

THE NASSAU NATIONAL BANK OF BROOKLYN ² / ₁₋₁₁₈	
NEW YORK CITY	December 1, 1921 No. 215
PAY TO THE ORDER OF	Mary L. Anderson \$ 5 ⁵⁰ / ₁₀₀
five and a half DOLLARS	
Jane Gray	

THE NASSAU NATIONAL BANK OF BROOKLYN ² / ₁₋₁₁₈	
NEW YORK CITY	December 1, 1921 No. 216
PAY TO THE ORDER OF	Mary L. Anderson \$ 5 ⁶⁵ / ₁₀₀
five and ⁶⁵ / ₁₀₀ DOLLARS	
Jane Gray	

If the writing does not begin at the extreme left, but an inch in, the check can easily be changed and if the figures are written with the same lack of care, the check can be changed to

THE NASSAU NATIONAL BANK OF BROOKLYN <small>INCORPORATED IN N. Y.</small>	
NEW YORK CITY	<u>December 1</u> 192 <u>1</u> No. <u>215</u>
PAY TO THE ORDER OF	<u>Mary L. Anderson</u> \$ <u>25</u> ^{<u>50</u>} / _{<u>100</u>}
<u>Twenty-five and a half</u> DOLLARS	
<u>Jane Gray</u>	

To be sure, there is not much danger of such raising in the checks of the ordinary individual, since the sums are not large enough to pay for the risk, the deposits are not large enough to warrant a "worth while" raise and the other difficulties are too great, but when one is conducting any kind of business transaction it should be done in the business way, for the establishing of good habits. To write a check badly does not ordinarily mean that it will not be honored by the bank or that it will be altered by a forger, as any bank man will tell you. The results will be a nuisance to the bank, and to the writer another step on the path of carelessness.

At the time the check is written the stub must also be filled out, with date, payee and amount, and some brief indication of the commodity bought. "Groceries," "Coal," or for department store, gas, electric light or telephone, "Bill of June 1" or "Bill of May 31." Where accounts are kept, detail on check stubs is unnecessary.

When all the checks on a page are used, add Deposits column and column Amount of Check, subtract the latter from the former and transfer to the next page the balance. It is a convenience to use a large clip at the top to hold together a number of pages of the check-book, the page in use being the last so held. In this way one can open at once to the current page.

Some mark must be adopted to show that the expenditure represented has been entered in the accounts—a small \checkmark in the upper right hand corner of the space for entering check items on the stubs is easily seen. Where a check is drawn to Self or Cash, when the expenditure will be recorded as it occurs, the mark should be made on writing the check. In other cases if it is convenient to enter the expenditure at once on accounts, well and good, but there is no need for doing this until the weekly entry of all accounts. Then examine the check-book and record the expenditure represented by all checks not bearing the \checkmark . If the clip is used, it is well not to clip down any page until the account entries are made. In this way one does not need to look back continually to see whether the account record is complete. When the check-book is all used, as a precaution run through to see that the little \checkmark is on every card. If it is not, look to see if the sum represented by the check has been entered on the accounts.

At stated intervals the check-book must be checked up with the bank statement. It is increasingly the practice of banks to send by mail an account for each month, and this is advisable, as checking up frequently is easier both because the figuring is less and because errors are more easily traced. Banks are justly looked on as models of accuracy, but they are nevertheless staffed by fallible human beings and one of these occasionally charges a check or credits a deposit to the wrong person. To one mistake made by the bank there are unknown thousands made by depositors, who are not practised in banking. Either kind of mistake should be found and corrected as soon as possible. If the bank does not send a monthly statement, ask for one each month, or in the occasional case where the bank objects to this, at as frequent intervals as possible.

In sending the statement the bank returns all checks that have been charged to the account during the period. Arrange these in numbered order, and open your check-book to the page where the stub of the earliest number is found. Have at hand two slips of paper whose use will be described later. Compare rapidly checks and stubs, looking only at the *number* and *amount* of the check. As you match them, put a check mark on both stub and check. The mark is easier made large, and shows up quicker in the book if put over the amount

rather than the square giving the items. When there is a check missing from the numbered order, write the number, name of payee (in brief) and amount on one of the slips of paper before mentioned. Usually there will be a number of such entries, in which case the figures should be set down in a column, for easy adding. If you find a discrepancy between the figures on the stub and those on the check, note number and discrepancy on the second slip. Your attention will be called to any counter check that you have failed to enter by its return to you. In this checking any "raised" check should be discovered and promptly reported to the bank.

When all the stubs are checked, add the figures for the checks not returned, and add this to the amount on deposit. If a deposit was made in the last few days of the month, look at the bank statement to see if it reached the bank in time to be credited. If it did not, deduct it from your total. Make any correction of discrepancy, if you found any. (The amount on the check is of course the one actually paid.) If the bank has given you a slip showing exchange or "carrying charge" or interest deducted, deduct that. Opposite the last check you have written make these corrections, in Deposit column for additions, in Amount of check column for subtractions. Explain these—using back of stub if necessary. Now look at the balance on the bank state-

ment and see if it is the same as your own. If it is not, there is a mistake somewhere, and the odds are very heavy that it is in your own account. If the bank does not give separate slips for each charge for exchange or carrying charge, as it should, it is well to look first on the bank statement of payments to find any such item. A bank does not send to a customer a statement containing any unexplained item. As most mistakes are in addition and subtraction, verify your own first. It is so rare for a bank to make a mistake there that it is hardly worth considering. Adding machines are used by most banks, and they do not make mistakes. This is a case where getting an exact balance is worth spending all the time necessary. If you are inexperienced and cannot find your error, go to your bank and ask for help. The bank is glad to give you training, since in the end it will be as much to their advantage as to yours.

There are, as any banker will tell you, thousands of depositors who never number their checks and never check up the bank statements. They are usually the same who write checks carelessly and often those who overdraw. They never know how much money they actually have available, as the bank statement cannot show the amount for checks written but not yet collected. All bank checks go through central clearing houses, and very rapidly, but not everyone cashes a

check quickly. When a check has been written but not cashed, the writer of it has still the money, and can easily make the addition in checking the bank statement. But it is rather a nuisance to carry from month to month the data regarding an uncashed check, and not be able to keep stubs checked up to date, so that it is a matter of courtesy to cash promptly any check received. When the check is from some person or firm not well known, it is also safe to cash the check before any possible transfer of account or failure makes it worthless.

When the account is straight, put the checks into your numerically arranged file of these. Strap to the pile (or such part of it as is to be kept at hand) the slip giving data of the unreturned checks. When the next statement comes, if any of these checks are still out, you will not need to look back to find out why the bank balance is larger by that amount. It is not often necessary to refer to returned checks. Tie them (still in numerical order) into packages by years, with the year plainly marked on top. If you have plenty of storage space you may like to keep them for years, but they are valueless after a certain time, that time depending on the legal limit of the state for the collection of debts. Say this is 7 years. Then when you add the 1922 checks to the file, you can safely throw away those for 1915.

This mechanical check on stored matter saves time as well as storage space, since the file never needs to be looked over.

The method described is the simplest one, sufficient for the average family. The better way from the legal point of view is to paste each returned check to its stub, and to keep the whole book. The stub has a repetition of the check items, and both are original records. Having such a record in duplicate is better evidence than half of it alone. The legal limitation as to collection of debts does not apply to a suit on the ground of fraud, but fortunately few families are subjected to such suits.

If the simpler form is followed, the check-book stubs should be kept only if they offer any information not on the Accounts cards. Otherwise they can be thrown away after a brief period, say those from one check-book when the next has been completely filled, so that its stubs are ready for filing.

Exchange is often charged by banks for cashing checks on out-of-town banks, unless these are in one of the financial centers. In order to be sure that the out-of-town recipient will receive the full amount paid by the remitter, a bank draft may be used. This is the bank's own check, on which no exchange is charged, and which any bank will sell to a depositor. Drafts on foreign countries, at the current rate of exchange, are also

obtainable through the bank and are often the most economical way of sending money to another country.

A certified check is one that is taken to the bank cashier for certification before being paid out. The bank sets aside the sum represented, to be paid only on presentation of this particular check, so that there is no danger of its being returned to the person who asks for the money, marked "No funds." Transactions between strangers, if in large amounts, should be conducted by certified checks.

Overdraft is a frequent occurrence in banks. Some depositors, especially business men, may overdraw deliberately, knowing that funds will soon come in to set their accounts straight. If the depositor of a personal or household account overdraws, it is usually through inadvertence. The check-book shows a larger balance than the bank ledger, because the depositor has made a mistake in addition or subtraction. The first time a customer overdraws, the bank takes no other step than to notify the depositor courteously and ask for immediate deposit to cover the deficit. If a depositor continues to overdraw, he or she is usually warned by the bank that no further overdraft will be allowed. This means that the next time a check is presented calling for a larger amount than the depositor's balance, it will not be honored. That is, it will not be cashed, but returned to the presenter marked "No funds" or "Insuf-

ficient funds." A check is "protested" when protest is entered before a notary public, in which case the drawer must pay the notary's fee. A depositor who overdraws has poor credit with a bank, and this affects his or her credit everywhere.

Endorsing a check means receipting for it. The person to whom it is drawn lays the check on the desk or table, turns it toward him face down, and writes his or her name across the back of the check, near the left hand end. Writing the name elsewhere increases the work of the bank. The name must be written as it appears on the face of the check, and where there is any inaccuracy except the omission of an initial, the name should be written accurately underneath. To use the example given before, M. L. Anderson or Mary Anderson needs no further comment, but if the other mistakes are made, the endorsement should read

Mary L. Andersen
(*Mary L. Anderson*)

Marie Anderson
(*Mary L. Anderson*)

When the person to whom the check is made wishes to deposit it to his bank account, he endorses

Pay to Blank National Bank or order
John M. Jones

If he wishes to pay it to some person or firm for goods received, he should endorse to that firm:

Pay to

Black, Green and Brown or order

John M. Jones

If the words "or order" (or "to the order of," which form is also used) are not added, the endorsement is restrictive, and strictly speaking the payee can obtain the money only at the bank on which the check is drawn. Although banks are not strict in exacting this, the proper form should be used as a matter of good business habit. The receiver must write his own signature as the receipt for the check. If the check is endorsed at first only with Jones's name, he may have no proof that he paid it to Black, Green and Brown.

Checks drawn to "Bearer" are the same as cash, as they are cashed on any one's endorsement. They are rarely advisable, except when one wishes to procure cash in return for one.

Joint Account. This means an account on which two or more people, usually husband and wife or business partners, have an equal right to draw. The account is opened by both together and either signature is enough on a check. Many recommend this type of account for the family, husband and wife drawing equally against it. If a minimum deposit is required, there is a

money saving in having only one account, but from every other point of view this is a poor method. It is much more difficult to keep the record of the account straight when two people are using it. There is a general belief that there is an advantage in a joint account in case of the death of one of the parties to it, on the ground that the money is still available to the other. This belief is founded on tradition, not on present day fact. In all but a very few of the states on the death of one of the parties to a joint account *the whole deposit* is considered the property of the deceased, and the survivor cannot draw against it. Usually permission can be obtained from the proper state official for the survivor to use the account, but inheritance tax must be paid on the whole sum. If the amount is divided equally in two accounts under the two names, the survivor not only has the money in his or her account available as usual, but loses only half as much by payment of inheritance tax.

Trust Accounts have the same disadvantages as joint accounts, and are therefore not advised.

Safety deposit departments are maintained by many banks, where for a few dollars a year a box can be rented that is as near perfect security as anything earthly can be, where family papers of importance, insurance policies, bonds and the like can be kept. A small amount of jewelry can be stored in such a box, and there are

larger ones to be rented for more jewelry, silver and other valuables. The box is accessible to the authorized person or persons at any time during banking hours, and its use may save serious loss. It should be noted that there is the same disadvantage in holding a safety deposit box jointly that there is with the joint bank account. On the death of any person who has the right to open the box, the whole contents of the box are considered the property of the deceased, and sealed by the proper official. The survivor must prove title to any of the contents of the box that he claims.

After the initial visit to open a checking bank account, it is not necessary to go in person to a bank to continue as a depositor there. All the business can be conducted by mail, checks being deposited by letter, cash by registered letter, and the checks drawn to Self or Bearer being cashed at some office or store where one is known. It is therefore not necessary to change banks when one moves to some distance. But there is a great advantage in being personally known to the bank officials, since personal acquaintance always makes coöperation easier. And although any bank officer will give advice as to investments to any depositor, it is only human that he should take a little more trouble for one with whom he has a pleasant acquaintance. As is pointed out in the next chapter, bankers are excellent

advisers as to safe investments. They tend to be conservative, which is very helpful to most would-be investors. And every depositor has a right to ask his own bank for help.

XV

SAVINGS AND INVESTMENTS

One of the real tragedies of human life is the loss of money that has been saved by constant care in the use of one's resources, by deprivation and even by privation. To go without this or that much-desired pleasure or luxury for years, in order to have a little stored away against old age, and then to see it all swept away in a moment, not only discourages one with saving but even with life.

It is because putting money in banks or investing in some other way has so often resulted in total loss that the temptation of the small saver, ignorant of the way to choose a safe form of storage under the supervision of some one else, is to hoard the actual cash in an old stocking, a discarded teapot, a hole under a loose board in the floor, in the mattress or in some other of the traditional places for this purpose. The double disadvantage of this method is the loss of interest and the danger of loss by fire or thieves. Thieves, to be sure, work in equally effective ways to steal the money when it is invested, but there are still ways to keep the money much more safely than is possible to the individual.

Cash can of course be kept in a safety deposit box, but then the "money is not working." This is a loss not only to the individual (of interest) but to the community, since money is needed as capital, to develop agriculture, industry and commerce.

The two unquestionably safe investments are savings banks and government bonds (nation, state or city). But even here there are warnings to give. The bank should be one that is under state supervision. Many private banks have conducted their transactions with scrupulous honesty and excellent judgment, proving as safe as any state or national bank. On the other hand, the sum is appalling of the losses suffered by those who trusted their money to some individual banker, well-known in the community and fully trusted by every one. A state or a national bank may, in the picturesque phrase used to express failure, close its doors, but this is becoming increasingly more rare, as the government watches more closely to prevent such a catastrophe. A savings bank is limited by law in the amount it may receive from one depositor. \$3,000 is a common limit. But the person or the family who has nothing in the world to fall back on but that amount would do well to divide even that sum among three or four banks, to lessen the risk of possible loss.

The interest on savings bank deposits is rarely more than 4%, but there are few communities where there

is no bank available that pays as much as this. If there is no savings bank at all in the town, or one paying only 3%, it is always possible to open an account in a bank in another town or city, depositing by money order or check. It is harder to withdraw money immediately in case of emergency, but that is not always a disadvantage. And there is always some one in the town who will lend money needed in this way, when it can be got from the bank in a few days.

Except in the few cases of unstable government, the bonds of a nation, a county, or a municipality are secure as far as loss from default goes, but unless they are registered—that is, appear on a government register as the property of the individual—they are negotiable, which means that they are easily converted into cash by the person who steals them. They must therefore be kept in a safety deposit box for security. If they are destroyed by fire and are registered, duplicates can be obtained, but if not registered and lost or stolen, there is seldom any redress. When such a loss occurs, however, the loser should go at once to the local banker or lawyer to see whether he can hope to recover anything. The governmental body issuing the bonds does not always provide for registration.

Until recent years government bonds have been considered an investment that was safe, to be sure, but not a profitable one as far as interest goes. Usually this

was no more than the 4% of the savings bank, and often it was less. But since the European war has forced most of the nations of the world to huge debts, the rate of interest has risen, and many bonds of European countries or cities are available that bear a large interest on their face—as high as 8%—and which actually bring higher interest because they are sold below par; that is a \$100 bond costs less than \$100. The income from such bonds is not tax exempt, but any banker will be able to give a depositor the figures of real return on one bond as compared with the other. The securities of any stable government are literally secure, since the honor and credit of the government are back of them. To many investment in foreign bonds seems forbiddingly complicated, because in cashing each coupon one must fill out a form for the U. S. Government, but any ordinarily intelligent person can soon learn to do this correctly, and the small amount of time involved can be counted as money-earning if the investment brings a higher interest than those with less troublesome ways of collecting the money.

The interest on bonds is collected by cutting off the little strip of paper attached to the bond that is called a coupon. The date at which this may be turned into money is printed plainly on the coupon. The owner should cash the coupon as soon as possible after it is due, in order to have the full use of his money. When

the family or the individual has a number of such bonds, with interest falling due at different dates, there should be a list on a card showing date due, type of bond, amount to be collected. This will call attention to the time of collection, which is also the time of the receipt of income from this source. This card is kept in the Accounts file.

The full list of the family investments is made in general on the Assets card, but all bonds or other securities bearing serial numbers should be listed on a special card, giving the name of bond, rate of interest, amount and serial number. It is highly advisable to have a duplicate of this list kept outside the home in a safe place. If no other is available, use the home of a trusted relative or friend, asking him to put the sealed envelope with the record, plainly marked outside "Property of John M. Jones, deposited with L. P. Green and to be returned by him on demand to John M. Jones or his heirs," and the date. Then in case of destruction of the original list by fire, water or other form of loss, the second is available. All this may seem ridiculously detailed, but when one has money one has also care. It is the price of keeping it.

Investments in other securities than those of governments may be advisable, but they should never be made without the advice of experts. The banker is perhaps the best, but often one knows and trusts a busi-

ness man whose advice will be equally valuable. To ask several people of good judgment is better than to ask one. Many people hesitate to ask advice either because they think the matter too small and too personal to bother a busy man about or because they are reluctant to violate secrecy regarding their own affairs. The first reason is not a good one, since it is part of the banker's business to give such advice and it is part of the community service that any business man worth consulting is only too glad to render. The second reason is equally bad. If money is stored as coin or bills in the old teapot, secrecy is certainly advisable, as knowledge of it might lead to loss by theft. But there is nothing in invested money that needs to be concealed. Its existence cannot be concealed from the income tax man without perjury. And the banker regards confidential statements from his clients just as the physician or the lawyer does. The business man who having been consulted in confidence would tell his friends that John Jones had \$300 to invest would not be asked for advice many times. Yet either banker or business man may be justified in saying that he is sure that John Jones's credit is good when he is asked about him.

Building and Loan Associations offer excellent opportunities when their management is safeguarded by the state, since they pay good interest and make provision for lending to holders of shares. But there have

been serious losses in some associations of this kind, and one should make sure of the standing and security of any in which one invests. Credit Unions with similar privileges exist in some states.

Any security which is a legal investment for a savings bank is of course a safe investment. But one should make sure that the security is so listed.

The name of the owner should never be written on the bond. If this is done in pencil, it is usually possible so to erase it as to conceal the fact that it has been marked, but writing in ink cannot be so erased. A "marked bond" has a lower market value than the same bond unmarked. Where bonds belonging to different members of the family are kept together, it is easy to distinguish ownership by having a list of the serial numbers of the bonds belonging to each. In a safety deposit box it is well to put the bonds belonging to each person in an envelope plainly marked "Property of—owner," with a list of the serial numbers and amounts below.

In buying any kind of bond the possibility of forced sale must be kept in mind. A bond bought at a price that means good interest may bring a lower price still if the owner has to part with it at a given time, and this price may mean that the bond has been a less profitable investment than the savings bank would prove. Every family should have a cash reserve available, ordi-

narily in the savings bank, before buying the securities that are profitable when one can keep them and not profitable when one must part with them. For a temporary need of cash it is often better to borrow than to sell. Any bank lends on securities to any depositor in whose need and judgment they can feel confidence.

The truth of this last paragraph has been brought home to thousands of Americans and going-to-be-Americans in the last few years. Often at a great sacrifice they subscribed to Liberty Bonds at par—\$100 for a \$100 bond. They were incited by patriotism, but were told over and over again, with the authority of the government, that they were also profiting themselves. They put all they could scrape together into the bonds, often taking money they had in the savings banks. Then came a period of business depression, of unemployment and of high prices that drove them to sell their bonds to provide the necessities of life for their families. And thousands had to sell when they received only \$83 for their \$100. That was a stunning loss. To the more ignorant it seemed that they had been cheated by the United States Government. The government is justified in calling the bonds a good investment if and when those bonds can be held by the buyer until maturity. Then, at the date given on the bond, the government will pay the full \$100. But it is hard to prove to the one who has had to sell at a sacrifice that the invest-

ment was a profitable one. Undoubtedly the experience will discourage many of them from ever purchasing such a "safe" bond again.

Many of these people, if they are not entirely discouraged from investment, will turn to the securities offering a chance of very large profit. If they may lose their savings anyway, why not get good return while they have them? This is another opportunity for that despicable group who make their living by selling to the people eager to get large returns and ignorant as to safe or doubtful financial methods, securities that are or probably will become valueless or at least of small value. The men who make such fraud the business of their lives know about how much money they can hope to get from a given section of the country in a given year. They know how to find the widow left with a life insurance paid in cash, the elderly woman or man who has just sold out a little retail business in order to retire, the inexperienced boy or girl who in the first few years of wage-earning has saved \$500 as the basis of a fortune. They will tell you perhaps that these "gulls" all deserve to lose their money because they are fools and greedy. Some one will get it anyway, because they are bound to get a higher return in interest than is possible except by hard work or exceptional luck.

It is true that there are few of us who do not want to get more than we really earn. Some day we may reach

the moral height where we are unwilling to take more than a legitimate return for our work or for the work-income that we have stored up in savings. But now we remember the tale of this man or that woman who invested a few hundreds in some world-famous business just at the beginning and without any work or even thought on his or her part now finds the investment worth thousands and bringing in a good income. Great luck. Yes, and a discourager of the toil by which the great mass of mankind must earn their living. The man who puts his money, his intelligence, his ability, his time, his very life into his business fairly earns a large profit: the stockholder who profits by work in which he does not share—profits beyond a reasonable interest on his money—is getting a return for luck, just as the gambler gets his.

Long ago the wise Mr. Dooley bade Mr. Hennessy remember that "Whin a man gets more than 6% f'r his money it's a thousan' to wan he's payin' it himsilf." He meant, of course, that the larger interest was paid at the risk of depreciation or loss of the principal. Mr. Dooley would raise the sum to 8% now, perhaps to 10%, but the principal back of his first remark is unchanged. There is a limit at which investment becomes speculation, and speculation is not a legitimate use of savings. The banker and the sound business man will

not advise you to try to get 100% interest on oil stock, or 40% on a rubber stock. They may prevent your making some sum of money; by and large they will surely prevent your losing more than that sum.

Before a discussion of saving by insurance must come one regarding the purpose of saving. This has been touched on already, but the subject will bear some repetition and fuller discussion. Savings may be for an emergency fund, as provision for a special purpose like the college education of a child or a longed-for trip to Thibet, or they may be to provide an income for the non-earning period of later years. Saving for emergencies has already been dealt with and its importance urged. Such a fund is best placed in a savings bank or in some security on which cash can be obtained readily when the emergency arises. If the fund is not used, it is of course eventually added to the savings for other purposes. If it must be drawn on, the money taken should be considered a loan and returned to the fund when payment is possible. It should not be hard for the individual or the family to decide what is a fair amount for such an emergency fund. If the possibility of drawing on savings in an emergency is not kept in mind, it is a discouragement when the savings that one had thought of as provision for other purposes have to be used to pay doctors and nurses. "What is the

use of saving? The money goes just like other money." This is only a matter of psychology, but so are many of the important things in life.

Savings for a special purpose are easily administered. The sum once decided on, and the probable date of use calculated, there only remains the choice of a safe investment that can be turned into cash at the proper time. Even when the amount of the fund is indefinite, as may be when one decides to make a given fund "as large as possible," the conditions are the same.

Saving to provide an income for the non-earning years brings up many questions. How long is the period of earning? If it may be to 65, do you nevertheless wish to stop or lessen work at 60 or 55? Will the earning power as expressed in the income increase up to that point? If not, up to what point? Should you plan to save a larger proportion of your income at any given period? Is part of the provision for your old age to be in your children? If so, how much? How many must the income from savings provide for? Have you any obligation to provide an income for wife, children, an old mother, or any one, in case of your death before the earning period is over? Do you wish to live on the same scale as at present? This seems a bewildering list, yet the answers to most of the questions are easy, and none are very hard. The individual or family after answering them can calculate how much

must be saved each year so that at the end of the time the income will be what is needed.

Life insurance offers methods of saving for more purposes than are often considered by those outside insurance work. The young married man dependent on current earnings takes a "straight" life insurance, on which he pays a yearly premium of a comparatively small sum, and on which no money is paid except at his death, when his wife, or any one to whom he assigns it, receives it all. The parents who are concerned as to college for their boy or girl, may take out for either a twenty-year endowment insurance policy, requiring an annual payment of a proportionately larger sum, but the whole amount of the insurance being received at the end of the twenty years. The man (or woman) who is not in a family partnership and whose obligation is only to himself in his old age, takes out an income bond, on which he makes annual payments until he is fifty, or fifty-five, or sixty or what not. At the end of the time agreed in the contract of the bond, he receives an annuity, a fixed yearly income, paid in monthly instalments to the end of his life. These are three of many forms. Any life insurance company will tell of many others. Insurance agents are noted for persuasiveness, and it is well to check their recommendations by the advice of the banker or the experienced friend, especially as all of them do not always remem-

ber differences in purpose. The details of life insurance are voluminous—the amount one may borrow, and the conditions of a loan, the “redemption value,” or the amount one receives if one wishes to give up the arrangement, the “disability clause” that for some added payment offers some income in case of accident or prolonged illness. Every one should know something of the possibilities of insurance that means income, as well as of insurance against damage and loss. It is to be noted that the old discrimination against women by charging higher rates to them is rapidly disappearing. No woman need insure in a company that still makes such charges.

The “income bond” deserves, however, especial recommendation to the self-supporting woman who does not see any possibility of saving enough to provide an income for her years of retirement from active paid work. If she does accumulate enough, it is usually at the expense of her present comfort and on a basis that means only meager living. If she puts the same amount into an income bond she has a safe and steady income which no one can cheat her out of or lure away from her. The old lady who receives a hundred dollars on the first day of every month and to whom the payment is guaranteed up to the very last month of her life is independent and self-respecting and commands respect in others as far as financial standing

goes. And thousands of women who could easily from their present earnings provide themselves with that income at sixty will find themselves instead at that age with no more than a few thousands which even if invested to the best possible advantage, will bring in only four or five hundred dollars a year. In taking an income bond one of course gives up the money paid in (unless one withdraws the arrangement or dies before the annuity is paid) and cannot leave it to others when death puts an end to one's use of it. It is therefore not a right method for those who have an obligation to others that should be met in the form of a legacy.

Insurance companies are now generally as closely supervised by the state as are the banks. They are safe, as far as human institutions can be safe. It is unwise to insure in a company not under supervision. The contract with an insurance company is called a policy, and each payment is a premium. A beneficiary is the person to whom the money is to be paid in case of the death of the insured person.

Pensions paid by governments or institutions are a form of provision for the non-earning years that the individual may find open to him. They need no consideration here.

Saving through payments to fraternal societies or orders is also not dealt with here, as these are of too

many types. Some are excellent, yet there have been serious losses through others. The expert should be consulted, unless sharing in them is primarily a matter of loyalty. Even when it is, there may be a choice between putting all or only part of one's savings into the one form of investment.

Family savings are best invested divided between husband and wife, or brother and sister. Joint investments have the same disadvantages as joint bank accounts. On the death of one person concerned they are treated as the sole property of the deceased, and the inheritance tax must be paid on the full amount.

One word as to the making of wills. Every person who has any property at all should make a will, under the direction of a lawyer. The settlement of an estate of even a few hundred dollars is much easier if there is a will, and the property goes to the persons or institutions that the owner of it wishes to have it. It is unwise to appoint a single individual as executor (the person who sees that the will is carried into effect), although a Trust Company may safely be so appointed. The individual dies, perhaps before his work as executor is done; the Trust Company does not die.

The economist who cries "Save!" to every one is right, where the income allows more than the bare necessities, and is still a moderate one. The person living on income from investments needs to save an

emergency fund, at least in the earlier years, to be drawn on in years when the investments fail to bring in the regular income. Every one needs to save an emergency fund for any imperative call on the income that demands a considerable sum but is not provided for in the budget. Those who live on current earnings, whether these are wages, salaries, profits or fees, need to make some provision for an income when the annual earned income dwindles or ceases. But next to the exhortation "Save!" comes "Invest your savings wisely!" If the second precept is not kept in mind the first may in the end prove useless.

XVI

THE RESULT

It would be pleasant to promise, as the old saw does so glibly to those who go early to bed and are early to rise, that the making of a budget and the checking of it by accounts would make every one "healthy, wealthy and wise." But that would be to promise too much. Certainly one should be nearer "wealthy" and "wise," at least, if one has been faithful to the plan, but the budget is not a panacea, or any form of magic, white or black. It cannot make possible to us the spending all the money we would like, or the getting from the money we have all that we desire. But it can give us the satisfaction that comes from any application of intelligence to an important problem.

The plea of this book is that accounts (in conjunction with a budget) are interesting, even entertaining to keep and to study. But they cannot be either for the person who refuses to find any interest in the consideration of how best to use his or her resources. There is no question that "you get your money's worth" to a greater extent with a plan than without, but not if

the plan is made reluctantly and looked on as an ogre that threatens to kill pleasure whenever he sees it.

Further than this, those who plan and spend for purely selfish ends—just to get the best food and clothing and shelter and fun for themselves out of their dollars and cents—defeat their own end as they seek happiness. They are not the happy folk, even if every penny has bought just what they wanted it to buy. Planning a budget—the way one family or individual is to use the power latent in bill and coin—is a process that affects society far beyond the walls of the house in which it is planned. It is the social aspect that gives the budget its great importance. But fortunately this is a case where two ends may be attained by the same means. The kind of planning and of carrying out the plan that is most profitable to society as a whole is the same kind that brings to those who plan the rewards for which they may reasonably hope.

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